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EXTERNAL AFFAIRS AND DEFENCE

European Community: Britain's Presidency

Britain's six-month Presidency of the European Community ended on 31 December 1981. A progress report on the Presidency and the development of political co-operation on foreign policy issues was given in a speech to the European Parliament on 17 December by the Foreign and Commonwealth Secretary, Lord Carrington. A memorandum summarising progress made during the Presidency was prepared to accompany the speech.

LORD CARRINGTON'S SPEECH

Noting that in July (see pp 198-200, 1981) he had warned the Parliament against exaggerated hopes on what could be achieved under any one Presidency, Lord Carrington said that Britain had tried to contribute to the Community's affairs in a businesslike and effective manner. Many of the agreements reached in any one Presidency owed much to the efforts of its predecessors, and in many of the areas where Britain had worked hardest, results would only become apparent under a succeeding Presidency. Ample evidence of this was to be found in the memorandum circulated separately and giving members of the Parliament 'a picture of the state of the numerous dossiers at the end of the British Presidency'. It was a record of 'solid if unspectacular achievement, in which all the organs of the Community [had] played their part'.

The Community had been faced with fundamental decisions about its future development, the Foreign Secretary observed, and there had been a growing awareness that political leaders in member states had to be prepared to look beyond pressing daily problems in order to see more clearly the way ahead for Europe. This feeling was reflected in recent proposals made by Italy and the Federal Republic of Germany for a 'European Act' (see p 358, 1981) and in ideas put forward by the French Government regarding the development of Community internal policies.

Britain's approach had been based on the firm conviction that the Community could only advance and prosper by securing and retaining the understanding and support of its citizens: 'To do so, it must show itself to be flexible enough to keep pace with a world of rapid change, and dynamic enough to offer a lead rather than simply responding to events.'

Renewal of the Community

Referring to his July 1981 speech regarding the Community's renewal, the Foreign Secretary said that the basis of this was the policy review to which member states had committed themselves in the May 1980 agreement concerning budgetary arrangements (see pp 182-3, 1980). It had been a major objective of the British Presidency to make solid progress on this, for given the [December 1981] deadline set out in the agreement, it would have been a serious dereliction of duty to do otherwise. Noting that the Prime Minister, Mrs Margaret Thatcher, had reported to the Parliament[1] on 16 December on the outcome of the recent European Council (see pp 358-9, 1981) which had discussed the matter, Lord Carrington said that a subsequent meeting of foreign ministers had asked the President of the Commission to produce new texts on guidelines concerning the four issues under discussion. Good foundations had been laid for future work, and Britain would give the fullest possible support to the Belgian Presidency in its efforts to reach a speedy solution in the interests of all member states.

Emphasising that renewal went much wider than a simple review of expenditure policies, Lord Carrington said that there had to be completion of the framework provided for in the Treaties. The British Presidency had tried 'to make a reality of the treaty provisions for a single market in goods and services, and to make progress with eliminating non-tariff barriers to trade within the Community'. Although some headway had been made, the Community had made 'disappointingly little progress towards full liberalisation in such fields as insurance and air transport' (see pp 328-9, 1981). Movement on these matters offered 'the best hope of securing real benefits from membership of the world's largest area of tariff-free trade'. On fisheries, although useful progress had been made on marketing, overall agreement on a new common fisheries policy had still to be reached: this was long overdue since the security and prosperity of the fishing industry in all member states was at stake.

[1]Mrs Thatcher was the first head of Government of a member state occupying the Presidency to attend a session of the European Parliament with the aim of giving an account of a meeting of the European Council.

Noting that advanced technology provided a powerful weapon in the fight for competitiveness, and for lasting and secure employment, Lord Carrington said that there had been significant progress on research and development. [In November the Council of Ministers expressed support for research and development in the Community, and agreement was reached on a microelectronics project and on a programme concerning bio-molecular energy research.] Neither had the social impact of new technologies been neglected, for ministers of employment and social affairs had discussed this with employers and trade union organisations.

On energy Lord Carrington said that valuable discussions had taken place on the general need to restructure energy economies away from oil. Agreements reached on guidelines for dealing with a limited shortfall in oil supplies and on energy pricing policy would be 'a valuable contribution to attaining the agreed Community energy objectives'.

There had also been significant achievements in areas where ordinary people would benefit directly. Environment ministers had taken a variety of useful decisions on pollution control and public safety. [In December the Council of Environment Ministers adopted a directive controlling the discharge of mercury into water and another designed to reduce the risk of major industrial accidents; agreement was also reached in principle on the establishment of arrangements concerning information on air pollution.] In social affairs important advances had been made on social security provision for self-employed people and help for the disabled. [In December the Community took the decision to extend its social security regulations to self-employed people, thereby enabling them to obtain urgent medical care if becoming ill while visiting another member state. A resolution was also adopted supporting proposals for exchanges of information and experience to help improve the lot of disabled people throughout the Community.]

Turning to the economic background, Lord Carrington said that unemployment had risen remorselessly in even the strongest of member states, inflation was proving stubborn, the difficulty of curbing government deficits was being exacerbated by the effects of recession, and divergence among members had increased rather than diminished. Efforts had to be redoubled to create conditions for non-inflationary growth, which was the only source of durable employment. The easy but fatal option of protectionism had to be resisted and the Community's peoples had to be convinced that the challenge of competition in the late 1980s required adaptations in the structures of their economies. In addition, the closest co-operation in these efforts was required between all member states.

Enlargement

The European Council had reaffirmed the commitment to complete the accession negotiations with Spain and Portugal. In these negotiations Britain had built on the foundations established by the Netherlands Presidency and had taken the work forward in some significant respects. Although real progress had been made towards the objectives set at the outset of the Presidency, it had to be recognised frankly that there was a major task ahead in 1982 if the applicants were to realise their desire to accede in January 1984. However, Lord Carrington emphasised that the Community's political obligation to the future of democratic Europe transcended the individual issues at stake and that it was time to give a new impetus to the negotiations.

External Relations

The British Presidency, the Foreign Secretary continued, had 'tried to put into practice its firm belief that the Community should exert an influence in world affairs more appropriate to its position as the world's largest economic grouping, trading entity, and donor of aid to the developing world'. Decisions had been taken on ways to improve the effectiveness of Community aid to the less developed countries [including a plan of action to combat world hunger, new procedures for emergency aid, and more liberal access for imports from developing countries in 1982], and agreement had been reached on several important trade matters including the Multi-Fibre Arrangement and trade with Japan. [In November a mandate was agreed for negotiations on the renewal of the Multi-Fibre Textile Arrangement, and in December ministers agreed on common action concerning the trade problems existing between the Community and Japan: the Community is urging Japan to encourage imports of manufactures and to moderate exports in sensitive sectors.] A distinctive and important Community contribution had also been made to a number of international meetings including the Ottawa summit meeting in July (see pp 225-8, 1981) and the Cancun meeting in Mexico in October (see pp 329-30, 1981). In addition the Community had endorsed the commitment to a new round of global negotiations.

Political Co-operation

Lord Carrington said that there had been a growing expectation in non-Community countries that member states would speak with one voice, and that there was an increasing wish for dialogue with the Community. Following work done by the Netherlands Presidency, a review of the organisation of political co-operation had been concluded by the London report during the British Presidency (see pp 326-7, 1981). The Foreign Secretary continued: 'I believe it has been useful to register our strengthened political commitment to joint action in foreign affairs [and] to set up an agreed procedure for convening meetings quickly in a crisis and for giving extra support to the Presidency in its increasingly demanding role.'

Middle East

Member states had 'continued their efforts to promote progress towards a just and lasting settlement of the Arab-Israel dispute', Lord Carrington recalled, and Britain had done its best to maintain this in a 'positive and impartial way'. He had visited Saudi Arabia on behalf of the Com-

munity to discuss the eight principles for a Middle East peace set out by Crown Prince Fahd, and four member states had agreed to participate in the Sinai multinational force (see pp 361-2, 1981).

Although Israel's withdrawal from Sinai was shortly to be completed, the positions of the parties remained 'wide apart on the central questions of Palestinian rights and Israeli security'. The pursuit of peace was becoming more, not less, complicated as shown by Israel's decision 'to extend Israeli law to occupied Syrian territory in the Golan Heights', an act strongly deplored by Community member states (see p 12). These developments required member states 'to adhere to a consistent policy based on the two principles clearly set out at Venice and universally accepted by the international community, namely the right to existence and security of all states in the region including Israel, and self-determination for the Palestinians in the framework of a comprehensive peace'.

Afghanistan

The Community had also contributed actively to international efforts to restore independence and non-alignment to Afghanistan. In June 1981 the European Council had put forward a proposal for a two-stage conference (see pp 201-2, 1981) and this had subsequently been presented to the Soviet Union's Foreign Minister. The proposal represented 'a realistic and practical way out of the current tragic and unacceptable situation', had been endorsed by a large number of countries including many from the Third World, and remained on the table. The Soviet Union bore a heavy responsibility for the terrible suffering caused to the Afghan people and it had to show the political will to remove its army of occupation from Afghanistan.

East-West Relations

An area of particular concern had been East-West relations, and in December member states had expressed their concern at recent developments in Poland and had reiterated their view that the Polish people should solve their problems peacefully through negotiation and consultation without outside interference (see also p 7).

At the Madrid conference on security and co-operation in Europe, the Community had been working for a balanced and substantial conclusion. Although some progress had been made, proposals for a conference on disarmament and on human rights remained unresolved. Member states had been clear and united in their wish for real progress rather than 'vaguely worded or cosmetic agreements'. In addition, co-ordination in Madrid with other friendly delegations including the United States had been excellent. Lord Carrington warmly welcomed the beginning of talks in Geneva between the United States and the Soviet Union on intermediate-range nuclear weapons, and the constructive proposals made by President Reagan (see pp 359-60, 1981). The full and frank talks Chancellor Schmidt had had with President Brezhnev [who visited the Federal Republic in November] were also particularly welcome given the emphasis placed by the European Council on the importance of keeping open channels of communication for dialogue with the Soviet Union.

Other Issues

Turning to other areas of the world, Lord Carrington drew attention to the 1981 London meeting between Community foreign ministers and those of the Association of South East Asian Nations (see pp 327-8, 1981). In addition a statement had been circulated to the Parliament regarding the Community's code of conduct on employment practices in South Africa (see p 212, 1978). At the United Nations, the increased number of common statements and explanations of vote reflected the growing importance that member states attached to working together. [During Britain's Presidency, over one hundred common statements and explanations of vote were made.]

Conclusion

Finally, Lord Carrington said, not all had been plain sailing: 'It is not to the Community's credit that we have not been able to meet the deadline set by the 30 May mandate, nor that after six years of discussion and five meetings of finance ministers during our Presidency alone, we have not been able to agree on the non-life insurance services directive.' Moreover, agreement on important measures in the field of telecommunications had been held up by disagreement over one word. The Foreign Secretary continued: 'The paradox which the Community needs to resolve is that in these times of political and economic uncertainty it seems to be becoming increasingly difficult, at the same time as it becomes more necessary, to get decisions.' The common will to reach conclusions had too often been lacking in the Community's deliberations. Nevertheless, progress had been encouraging in the past six months on relatively new areas such as the environment, social policy and energy policy. Lord Carrington had no doubt that solutions could be found to the outstanding problems and he committed Britain to giving full support to the Belgian Presidency.

North Atlantic Treaty Organisation

Meeting in December, members of the North Atlantic Treaty Organisation (NATO) reaffirmed their determination to improve East-West relations through the achievement of genuine détente and substantial progress in arms control and disarmament. At the same time they resolved, in the light of continuing Soviet destabilising activities in all parts of the world, to strengthen, without seeking military superiority, their capacity to deter aggression and defend peace.

The Council, attended by the foreign ministers of NATO's member states, met in Brussels on 10

and 11 December 1981. In addition to issuing a communiqué, it published a declaration on intermediate-range nuclear force modernisation and arms control.[1] Ministers also welcomed the decision of Spain to seek membership of NATO, and signed the protocol of extension providing for this subject to its ratification by member states. The Council's meeting was preceded by meetings of NATO's Nuclear Planning Group and its Defence Planning Committee. (The latter, which met on 8 and 9 December in Brussels, did not issue a communiqué.)

NORTH ATLANTIC COUNCIL

Ministers reaffirmed their commitment, in the interests of lasting peace, to work unremittingly to establish the essential climate of confidence and mutual restraint in East-West relations with the aim of achieving genuine détente and substantial progress in arms control and disarmament. In the light of the Soviet Union's continued military build-up, however, and in the absence of a solid foundation of trust, the Allies had no choice but to dissuade any potential aggressor by making it clear that they had the strength and the will to resist. An adequate deterrent did not jeopardise peace; it made it safer.

In this context, ministers noted that, in the face of the Warsaw Pact's massive conventional and nuclear forces, the Alliance's nuclear weapons had been an essential element in preventing war. Unilateral nuclear disarmament by NATO would not reduce the risk of war, but give the Soviet Union, which could not be relied upon to follow suit, an overwhelming military advantage. The only sure way of preventing intimidation and war was to ensure, at the lowest possible level, a stable balance of forces between East and West.

The continuation of destabilising activities by the Soviet Union, ministers continued, cast doubt on its readiness to work for a real reduction of tensions. While invoking exaggerated security requirements to justify its huge armaments programme, the Soviet Union condemned as unwarranted the defensive measures taken by the Western countries. At the same time, it tried to exploit genuine concerns often expressed in the West, while prohibiting any free debate of this kind among its own people. It also sought to further its own interests by the use of force, as in Afghanistan (see pp 201-2, 1981). Soviet refusal to respond to repeated international demands for its withdrawal from Afghanistan constituted a menace to the stability of the region, endangered international peace and security and seriously impeded improvements in East-West relations.

In these circumstances, ministers stressed, NATO was resolved to strengthen – without seeking military superiority – its capacity to deter aggression and defend peace, and, in this regard, they expressed their support for the determination of the United States to ensure the deterrent capabilities of its strategic forces. An effective defence was also the essential basis for fruitful negotiations on arms control and disarmament.

[1]Intermediate-range nuclear forces are the same as those previously referred to as long-range theatre nuclear weapons.

Arms Control and Disarmament

Reaffirming NATO's commitment to pursue substantial, balanced and verifiable arms limitations and reductions, ministers welcomed President Reagan's four-point programme announced in November 1981 (see pp 359-60, 1981) and shared his resolve to work for the establishment of a military balance at lower levels of forces. They believed that the Strategic Arms Reductions Talks (START),[1] which the United States had proposed to begin as early as possible in 1982, should lead to significant reductions in the United States and Soviet strategic arsenals, and hoped that the Geneva talks on intermediate-range nuclear forces (see pp 359-61, 1981) would lead to a positive result in the START framework. Those NATO members participating in the Mutual and Balanced Force Reductions talks would continue to seek genuine manpower parity, in the form of a common collective ceiling based on agreed data and adequate verification measures.

Security and Co-operation in Europe

The establishment of relations based on trust and co-operation in Europe, ministers continued, depended on the full compliance by all the signatories with the provisions and principles of the 1975 Helsinki Final Act. These principles were of the utmost importance with respect to Poland; the Polish people had to be free to solve their problems without outside interference or pressure of any kind (see p 7). The Allies remained deeply attached to the human dimension of détente and thus to the tangible benefits which it had to offer to the individual. Reaffirming their determination to achieve a balanced and substantive result at the Madrid Follow-up meeting (see pp 351-5, 1980), ministers called upon the Soviet Union to live up to the Final Act and urged it to join in establishing a Conference on Disarmament in Europe and to agree on a precise mandate for negotiations on confidence-building measures applicable to the whole of Europe.

Other Issues

Ministers reaffirmed the importance which NATO members attached to the Second Special Session of the United Nations General Assembly on Disarmament to be held in 1982, and their intention to play an active part in it. They also stressed the importance of maintaining a calm situation around Berlin, and expressed the hope that a further development of relations between the two German states would result from the meeting between their respective leaders in December 1981.

International Stability

Ministers also noted that genuine non-alignment could make an important contribution towards international stability and the peaceful resolution of crises. They agreed to consult among themselves and work together with others to encourage the maintenance of stability and the independence of sovereign nations, to which they

[1]These Talks will be the successor of the Strategic Arms Limitation Talks (SALT).

attached great importance, and to reduce the risks of crisis in the Third World. In these consultations, they would seek to identify common objectives, taking full account of the political, economic and military situation in the area concerned, while those in a position to do so would be ready to take steps outside the NATO area to deter aggression and to respond to requests by sovereign nations for help in resisting threats to their security or independence. NATO members, ministers added, would also work together with other nations to assist those countries fighting hunger, poverty and under-development.

INTERMEDIATE-RANGE NUCLEAR FORCES

In a separate declaration issued on 11 December, those Allies party to the December 1979 decision on intermediate-range nuclear forces (see pp 13-14, 1980) welcomed the recent opening of the United States-Soviet arms control negotiations in Geneva. They expressed full support for the United States negotiating approach, which had been developed in the course of intensive allied consultations.

Based on the 1979 decision, the declaration continued, and with the full support of its Allies, the United States had proposed the elimination of all US and Soviet long-range land-based intermediate nuclear forces. It had offered to cancel its deployments of Pershing II and ground-launched cruise missiles if the Soviet Union would dismantle its SS-20 missiles, and retire its SS-4 and SS-5 missiles. This offer, ministers stated, was equitable and would eliminate the systems of greatest concern to both sides. Reductions in other nuclear systems could then be sought in subsequent phases.

Determination in implementing both aspects of the 1979 decision, the declaration continued, had been a key factor in convincing the Soviet Union to negotiate without preconditions, thus creating the opportunity to achieve genuine arms control. This same resolve would remain essential in reaching concrete results in the negotiations. Implementation of the modernisation programme was continuing and could be altered only by a fair and effective arms control agreement. The United States had entered the negotiations, however, with the objective of reaching an equitable, effective and verifiable agreement that would enhance the security of the Alliance, and thus contribute to a more stable military relationship between East and West. The achievement of such an agreement required a similarly constructive approach on the part of the Soviet Union.

NUCLEAR PLANNING GROUP

The continued development of Soviet nuclear power was also examined by NATO's Nuclear Planning Group, which met in Gleneagles, Scotland, on 20 and 21 October. Ministers expressed concern about the rapid rate with which Soviet nuclear forces were being deployed, particularly with respect to the SS-20 missile which had upset the overall military situation in Europe and had created a potential source of instability and political pressure. More than 250 of these missiles, carrying more than 750 warheads, had been deployed, along with about 350 SS-4 and SS-5 missiles, for a total of more than 1,100 warheads. The Soviet Union had also begun to introduce new generations of short- and medium-range nuclear missiles such as the SS-21 and SS-22, and large numbers of improved nuclear-capable aircraft. In contrast, NATO had not increased the numbers of its warheads; indeed, the United States had unilaterally withdrawn 1,000 warheads from Europe as an integral part of the 1979 decision.

Noting the progress being made in the preparations for modernising NATO's intermediate theatre forces, ministers stressed that the planned deployments (which would not begin until the end of 1983 and which were not intended to match the Soviet Union weapon-for-weapon) would not increase NATO's reliance upon nuclear weapons nor change the Alliance's strategy. NATO was not seeking military superiority, but, for deterrence to be maintained, it had to have credible and effective nuclear capabilities. The deployment of modernised intermediate-range nuclear forces was meant to ensure that the Soviet Union could not assume that it could regionalise a conflict in Europe to exclude its territory or impair the strategic unity of the Alliance. Ministers concluded by re-emphasising that the fundamental role of NATO's nuclear weapons was and would remain deterrence.

At the same time, ministers fully supported the United States commitment to achieve equitable and verifiable agreements on theatre nuclear forces at the lowest attainable levels, and called on the Soviet Union to live up to its pledge 'to spare no effort to reach an appropriate agreement'.

Poland

Britain and the other European Community member states are among those to have condemned the December imposition of martial law in Poland, the suppression of the independent trade union, Solidarity, and the detention of trade unionists. Since the process of reform began in Poland in 1980, Britain has consistently argued that the Polish people should be permitted to solve their problems without the use of force or external intervention.

Martial law was imposed from midnight on 13 December 1981 while the Solidarity leadership was meeting in Gdansk. A Military Council for National Salvation was set up under the Prime Minister General Jaruzelski.[1] Thousands of people were detained, including Mr Lech Walesa and other Solidarity leaders, as well as the former Party leader, Mr Edward Gierek, and other officials. Poland's borders were sealed, telephone

[1]General Jaruzelski, Prime Minister since February 1981, became First Secretary of the Polish United Workers Party in October.

and telex links severed, a curfew imposed, civil liberties suspended, and the broadcasting system taken over; in addition there was a ban on strikes and on gatherings other than religious ceremonies. Announcing martial law, General Jaruzelski said that it would be rescinded once law and order had been restored, and that reforms would be continued.

BRITISH VIEWS

Speaking to the House of Commons on 14 December (*Hansard*, Vol 15, No 29, col 19), the Lord Privy Seal, Mr Humphrey Atkins, said that the British Government was following events in Poland with the closest attention and with great concern. Britain hoped that the Polish people would be able to solve their problems without bloodshed and by compromise and consensus, and the Government regarded General Jaruzelski's commitment to continue reforms as very important. The British Government would observe a policy of strict non-intervention and expected the same from all the signatories of the Helsinki Final Act (see pp 351-5, 1981); Britain would remain in close contact with its partners in the European Community and the North Atlantic Alliance.

Answering questions in the House on 22 December (*Hansard*, Vol 15, No 35, cols 866-7), the Prime Minister, Mrs Margaret Thatcher, totally condemned 'the oppression of the present regime' pointing out that 'almost every undertaking of the Helsinki agreement [was] being flouted'. She said that if the Polish authorities believed that they could snuff out the flame of freedom they were 'making an error of historic proportions'.

Parliamentary Debate

Opening a short debate on Poland on 22 December (*Hansard*, Vol 15, No 36, cols 933-61), Mr Atkins observed that the events there over the past 17 months had 'inspired a sense of excitement and hope not only in Poland itself, but throughout Europe'. The renewal movement, which had offered 'inspiration to the Polish people and [had] enjoyed enormous popular support', was 'the culmination of a long process of popular revolt against a system imposed from without and rejected from within'. Referring to the implementation of martial law, Mr Atkins said that 'from the start it was a very comprehensive clampdown, obviously planned in detail and well in advance'. Since then, however, things had become very much worse, and a tragic threshold had been crossed on the fifth day of martial law when at least seven miners had been killed in Silesia. Poland was clearly 'in the grip of wholesale repression' and there were alarming reports of many arrests and deaths and of terrible conditions in internment camps. There was no hard evidence to confirm these reports, but, as the Foreign and Commonwealth Secretary, Lord Carrington, had made clear to the Polish Ambassador (on 22 December), the military authorities' obsession with secrecy had prevented 'governments and international public opinion from distinguishing rumour and speculation from the truth'.

The Lord Privy Seal pointed out that there had been resistance to the new measures and that the Roman Catholic Church in Poland had not concealed its dismay. Since the clampdown there had been news of 'growing numbers of strikes and sit-ins in factories, mines and universities' and 'of evictions by the authorities, of beatings, of the use of truncheons and tear gas'. It was a grim picture, and Britain utterly condemned the repressions and deplored the suspension of civil liberties, as well as the resulting bloodshed and injury. Further, it hoped that the Polish authorities would now desist from violence and release those who had been detained.

Commenting on speculation that martial law had been imposed either at the Soviet Union's diktat or merely with its encouragement, Mr Atkins said: 'At present we cannot say, but we can be sure that the Russians knew and approved of what General Jaruzelski has done, and they will hope that his actions will safeguard the system they imposed on Eastern Europe after the war.' The Soviet Union had repeatedly made clear its opposition to the Polish renewal and had pressed for action against it: 'The means of pressure have included press comment on mounting resistance, letters to the Polish leadership which were then published and military exercises in and around Poland.' Since the renewal began Britain had repeatedly warned the Soviet Union that any direct intervention 'would create the gravest international situation for many years'.

Referring to the difficulties of the Polish economy, Mr Atkins said that over the past year Britain had given Poland £65 million of commercial credit and had made available short-term credit facilities (see p 328, 1981). Food had been provided at special prices from the European Community, Britain's contribution being over 450,000 tonnes of barley, 10,000 tonnes of butter and 3,000 tonnes of beef, together with the credit necessary to finance these purchases. This assistance was provided, in company with that from Britain's Western partners, to help the Poles while they grappled with their economic and political difficulties. Consignments of voluntary aid continued to leave Britain and the Government had asked the Polish authorities 'to ensure that these supplies of essential food and medicines [were] allowed into their country without delay'. The Polish embassy had given assurances that the supplies were getting through. The Government, pledged Mr Atkins, was prepared 'to make a contribution towards the general co-ordination and work of the agencies in their efforts to provide food and medical supplies'.

Mr Atkins described as 'highly regrettable' the restrictions imposed on British journalists in Poland and said that representations had been made to the Polish authorities about the importance of open communications. Although a limited improvement had taken place, there was a cumbersome system of censorship operating in violation of the Polish Government's commitment under the Helsinki Final Act, and it needed to be lifted immediately. [In early January censorship on reports from British and other foreign correspondents was lifted.] Mr Atkins also told the House

that the BBC's broadcasts in Polish were being increased by three-quarters of an hour per day, the extra time being devoted to news bulletins and topical commentaries. [Before, the broadcasts had been for about 3 hours a day. Following the BBC's announcement on 5 January that its broadcasts to Poland were being jammed from sources within the Soviet Union, Britain made strong protests to the Soviet and Polish Ambassadors pointing out the jamming was a violation of both the letter and the spirit of the Helsinki Final Act.]

Speaking for the Opposition, Mr Denis Healey described the suppression in Poland as a tragedy and a catastrophe. The rise of Solidarity had shown that Poland 'had entered a revolutionary era in the most fundamental sense of that phrase', for the people had lost confidence in their system of government and, as a result, the apparatus of state was disintegrating and the economy collapsing. The Polish people had never accepted the Communist dictatorship imposed on them in 1945 because it was 'alien to their culture and to their sense of nationhood'. The Soviet Union would not allow, however, 'a revolution to take place in Poland and a new system to be born on the ruins of the old'. For 18 months Solidarity and the Polish Government had been trying to reach a compromise acceptable to the Soviet Union, with the Church doing its best to oil the wheels of negotiation. General Jaruzelski had to fulfil promises made to bring martial law to an end as soon as possible and to resume the dialogue with Solidarity and the Church.

On the Western response, Mr Healey said that food aid to the Polish people should continue but that no new economic and financial help should be given unless the dialogue with Solidarity and the Church was renewed. In addition, specific warnings had to be given to the Soviet Union of the economic, financial and political penalties it would face if it used armed force to crush the Polish people.

EUROPEAN COMMUNITY VIEWS

On 15 December Community foreign ministers expressed concern at the imposition of martial law and the detention of trade unionists. They looked 'to all signatory states of the Helsinki Final Act to refrain from any interference in the internal affairs of the Polish People's Republic'. Poland needed to solve these problems itself without the use of force so that the process of reform and renewal could continue.

In his speech to the European Parliament on 17 December (see p 3), Lord Carrington described the Polish situation as 'a man-made disaster on a colossal scale'. He continued: 'First, as has been said so often before, there must be no foreign interference whatever, and, second, there must be an early resumption of the process of negotiation and conciliation, including the release of those in detention.' Community member states would continue to follow events in Poland with particular attention and stood ready to arrange urgent consultations if these became necessary.

Foreign Ministers' Communiqué

On 4 January Community foreign ministers met in Brussels to consider the Polish crisis. Their communiqué utterly disapproved of the situation in Poland, expressed total sympathy with the Polish people, and said that the Community was willing to continue direct humanitarian aid to them.

The Polish leadership, foreign ministers noted, had declared 'its intention to maintain national independence and to re-establish in the near future liberty and the process of reform as well as resuming the dialogue with the various elements of the Polish nation'. Instead, however, repression had brought in its train 'violations of the most elementary human and citizens' rights, contrary to the Helsinki Final Act, the United Nations Charter, and the Universal Declaration of Human Rights'. They appealed urgently to the Polish authorities 'to end as soon as possible the state of martial law, to release those arrested, and to restore a genuine dialogue with the Church and Solidarity'.

The significance of these grave events extended beyond Poland itself: 'The inability of the system in Eastern Europe to accept the modifications necessary to meet the legitimate aspirations of the people is such as to endanger public confidence in the possibility of co-operative links with the East, and thus seriously to affect international relations. In this context the Ten note with concern and disapproval the serious external pressure and the campaign directed by the [Soviet Union] and other Eastern European countries against the efforts for renewal in Poland. This already grave situation would be further aggravated if it led to an open intervention by the Warsaw Pact.' A solemn warning was issued, therefore, against any such intervention.

Noting the economic measures taken by President Reagan with regard to the Soviet Union (see p 10), Community member states promised to undertake 'close and positive consultations with the United States Government and with the governments of other Western states in order to define what decisions [would] best serve their common objectives and to avoid any step which could undermine their respective actions'.

Since developments in Poland constituted 'a grave violation of the principles of the Helsinki Final Act', the foreign ministers considered that the Madrid conference (see pp 351-5, 1981) should discuss them as soon as possible at ministerial level. Approaches would be made 'to the neutral and non-aligned states to propose an early resumption of the Madrid meeting'. In addition, they undertook to 'work in the United Nations and its specialised agencies for a denunciation of violations of human rights and acts of violence'. Other action would be considered as the situation developed, notably measures concerning credit and economic assistance to Poland and an examination of the question of further food aid. The Community's commercial policy with regard to the Soviet Union would also be examined.

Finally foreign ministers pointed out that they had called upon the Polish authorities 'to lift abnormal and unacceptable restrictions which

[had] been placed on the work of embassies, representatives of the media, air services and other communications in Poland'. They promised to study what could be done to assist those Poles ouside Poland who did not wish to return to their country under present circumstances. (Since the declaration of martial law the Polish Ambassadors to the United States and Japan have both been granted political asylum in the United States.)

Commenting on the meeting in a television interview on 4 January, Lord Carrington said that, while there had been a perfectly legitimate difference of opinion among member states on ways of dealing with the situation, there had been unanimity concerning the involvement of the Soviet Union and the need not to undermine United States sanctions. The main objective, he explained, was to keep the spark of freedom alive, to preserve Solidarity and the gains that it had made, and to do everything to encourage General Jaruzelski to keep his word on continuing the renewal in Poland. In the long term the situation was a catastrophe for Communism, since most of the Polish people had decided that after 35 years they did not like it: 'This is what is so appalling and dangerous for the Soviet Union and for the other Communist states.'

UNITED STATES REACTION

During a press conference on 17 December the United States President, Mr Ronald Reagan, said that, with the imposition of martial law, coercion and violation of human rights on a massive scale had taken the place of negotiation and compromise in 'gross violation of the Helsinki Pact to which Poland [was] a signatory'. Commenting that it would be naïve to think that this could have happened without the full knowledge and support of the Soviet Union, Mr Reagan emphasised that the United States viewed the current situation 'in the gravest of terms'. It would be impossible for the United States 'to continue trying to help Poland solve its economic problems while martial law [was] imposed on the people of Poland'. The United States would only help if the Polish people were 'permitted to resolve their own problems free of internal coercion and outside intervention'.

On 23 December, Mr Reagan announced action against Poland including the suspension of Polish civil aviation privileges in the United States, the suspension of Poland's right to fish in American waters, and a refusal to renew the Export-Import Bank's export credit insurance to the Polish Government. The shipment of food through private humanitarian channels would continue provided that the Polish people were receiving it, but government-sponsored shipments would be suspended until assurances were given that the distribution of supplies was being monitored and guaranteed by independent agencies.

At the same time Mr Reagan said that he had written to President Brezhnev pointing out that the United States would be obliged to take certain economic and political measures affecting the relationship between their two countries if the suppression in Poland continued. On 29 December he told a press conference that Mr Brezhnev had responded to his letter in a manner indicating that he had not understood the seriousness of United States concern or the Soviet Union's obligations under the Helsinki Final Act and the United Nations Charter. The United States, therefore, had decided upon a series of measures with regard to the Soviet Union, including the suspension of Soviet airline services to the United States, the suspension of export licences for electronic equipment and computers and for oil and gas equipment, a postponement of negotiations on a new long-term grains agreement, and the suspension of negotiations on a new maritime agreement. While the United States wanted 'a constructive and mutually beneficial relationship with the Soviet Union' and intended to maintain 'a high-level dialogue', it was prepared 'to proceed in whatever direction the Soviet Union [decided] upon – towards greater mutual restraint and co-operation, or further down a harsh and less rewarding path'. United States decisions would be determined by Soviet actions.

On 4 January the State Department welcomed the special meeting of European Community foreign ministers, pointing out that their communiqué had struck a common chord with United States policy on several issues, notably the violation of human rights, the Soviet Union's role, the grave consequences of any open Warsaw Pact intervention, and the need to reconvene the Madrid conference. On economic measures it noted the Community's interest 'in continuing close and positive consultations with the United States and others' and welcomed the Community's undertaking not to compromise United States efforts in this area.

NATO RESPONSE

As this issue of *Survey of Current Affairs* went to press, a meeting of the North Atlantic Treaty Organisation took place to discuss the Polish crisis. In their communiqué issued on 11 January, ministers condemned the imposition of martial law for depriving the Polish people of their rights and freedoms, and called upon the Polish Government to release the detainees and to restore a dialogue with the Church and Solidarity. They deplored the 'sustained campaign mounted by the Soviet Union against efforts by the Polish people for national renewal and reform, and its active support for the subsequent systematic suppression of those efforts in Poland'. The Soviet Union had 'no right to determine the political and social development of Poland', and any armed intervention from outside would 'have the most profound consequences for international relations'. Ministers agreed that the Madrid conference should deal with the issue as soon as possible, given the violation in Poland of the Helsinki Final Act, and to bring the situation to the attention of the United Nations and other international bodies. At the national level, it was agreed that each ally[1] should identify possibilities for placing further diplomatic restrictions on Poland and the Soviet Union and for reducing scientific and technical

[1]The Greek delegation reserved its position on a number of points.

contacts with them. Ministers also resolved to do all in their power to ensure that the truth about events in Poland continued to reach the Polish people despite the obstacles created by the Soviet and Polish authorities in violation of the Helsinki agreement.

Ministers also recognised the importance of economic measures to persuade the Polish and Soviet authorities of the seriousness of Western concern and, with respect to Poland, noted that future commercial credits for non-food goods would be suspended, as would negotiations concerning payments due in 1982 on Poland's official debts. Humanitarian aid for distribution by non-governmental organisations would be increased, however. With regard to the Soviet Union they agreed to examine arrangements concerning imports from the Soviet Union, maritime and air services agreements, the size of Soviet commercial representation, and conditions concerning export credits. They also undertook to reflect on longer-term East-West economic relations, particularly energy, agricultural commodities and other goods, and the export of technology in the light of the changed situation and the need to protect their competitive position in the field of technological and military capabilities.

BACKGROUND

In the summer of 1980 waves of strikes swept Poland following the announcement in July of higher prices for meat. (There were similar outbreaks in 1970 and 1976 when, because of economic difficulties, the Government had attempted to increase food prices.) In August the 17,000 workers at the Lenin Shipyard in Gdansk came out on strike in protest against the dismissal of a crane driver, and an inter-factory strike committee under the leadership of Mr Lech Walesa drew up a list of demands including the rights to strike and to form independent trade unions. On 31 August an agreement was signed in Gdansk between the Polish Government and the inter-factory strike committee, authorising the establishment of independent self-governing unions, the right to strike, freedom of speech and publication, the release of political prisoners, wage increases, and regular radio broadcasts of a Sunday mass; the Gdansk agreement also recognised the leading role within the State of the Communist Party (officially known as the Polish United Workers Party). In September the independent trade union, Solidarity, was formed and in November it was registered.

The next 12 months were punctuated by disputes between Solidarity and the Polish Government and pressures were applied on Poland by the Soviet Union and other members of the Warsaw Pact. In early December very high levels of military activity by Warsaw Pact troops took place on Poland's borders, and on 8 December the Soviet news agency, Tass, issued a report claiming that 'counter-revolutionary groups' were destabilising Poland. A summit meeting of the Warsaw Pact in Moscow pledged 'fraternal solidarity and support' to Poland. In the same month, foreign ministers of the North Atlantic Treaty Organisation issued a communiqué saying that Poland should be free to determine its own future.

In February 1981 General Jaruzelski became Prime Minister and called for a 90-day strike-free period. Although several major disputes were settled, difficulties arose over a refusal of the courts to register Rural Solidarity, an independent trade union for farmers, which was finally registered in May. Tension arose as a result of the Bydgoszcz incident in March when Solidarity representatives were ejected from local government offices and beaten up by the police. A commentary by Tass issued on 28 March accused Solidarity of becoming a political party and of dooming the Polish people to tragedy at the bidding of 'Western agents'.

In June the Central Committee of the Soviet Communist party sent a letter to the Polish Party expressing concern at the failure to deal with counter-revolution. The Polish Central Committee acknowledged Soviet concern over developments in Poland and said that political strikes could not be tolerated. At a meeting with Mr Kania (then the First Secretary of the Polish United Workers Party) and General Jaruzelski in August, President Brezhnev said that the Soviet Union was following events in Poland with close attention, and the communiqué issued after the meeting attacked 'world imperialism' for interfering in the internal affairs of socialist countries. In September the Soviet Union drew the attention of the Polish leaders to 'the growth of anti-Sovietism in Poland' and demanded resolute measures to stop 'malicious anti-Soviet propaganda and actions hostile to the USSR'.

The first Congress of Solidarity took place from 5 to 10 September and from 26 September to 7 October in Gdansk where Mr Walesa was re-elected as Chairman. Among other things, the Congress called for political, social and economic reform, including free national and local elections, an independent judiciary, workers self-management, and legislation to guarantee basic civil liberties and social control of the mass media. At the same time it reaffirmed the Gdansk agreement and its willingness 'to hold an honest and loyal dialogue with the authorities and to seek proper decisions which will best serve Poland'. In addition the Congress issued a letter to the working people of Eastern Europe supporting those struggling for a free trade union movement.

Mr Kania was replaced as Party First Secretary by the Prime Minister, General Jaruzelski, in October when the Central Committee issued a statement describing the economic state of the country as disastrous, attacking Solidarity for dictating its will to the Government and other institutions, and calling for an immediate suspension of strike action. In response Solidarity blamed the Polish Government for the crisis, attacked the 'erroneous' policy of the Party, appealed for an end to all local protests, and organised a one-hour strike on 28 October in protest against repressive measures affecting some of its members. Army detachments were sent throughout the country to assist the distribution of supplies.

On 4 November a meeting took place between General Jaruzelski, Archbishop Glemp (the Polish

Primate) and Mr Walesa, where the idea of a front of national agreement was discussed. This was followed by further negotiations between the Government and Solidarity against a background of local disputes and the occupation of academic institutions by students. On 25 November students at the Fire Brigade College in Warsaw occupied the building and demanded the demilitarisation of the college. Riot police ended the occupation on 2 December.

At the end of November the Party Central Committee agreed that it was necessary to equip the Polish Government with full powers to counter 'destructive actions' which were 'devastating the country and its economy' and 'threatening the socialist state, public order and security'. Meeting in Radom on 3 December the Solidarity Presidium complained that the Government had chosen the way of force and that it had rejected the possibility of dialogue with Solidarity. Conditions were laid down for a national accord including free local elections, increased access to the media and economic reform. The Government responded by accusing Solidarity of assuming 'the position of a political opposition force' and martial law was declared on 12-13 December.

Israel and the Golan Heights

Britain and its European Community partners have strongly deplored Israel's decision to extend its law, jurisdiction and administration to occupied Syrian territory in the Golan Heights.

Apart from a brief period during the 1973 Arab-Israeli war (see pp 439-46, 1973), Israel has occupied Syrian territory in the Golan Heights since its capture in the war of 1967. (A small strip of territory was given up in 1974 to form part of the present United Nations buffer zone established under the Israeli-Syrian disengagement agreement in May of that year – see pp 215-16, 1974). The Israeli-occupied territory comprises about 100 sq km (nearly 40 sq miles) and penetrates some 24 km (15 miles) into Syria at its widest point. Since 1967, Israel has established over 30 settlements in the area, these having a population of over 5,000. Most of the 100,000 or so Syrian inhabitants of the region left in 1967.

Israeli Legislation

The Israeli Government announced its decision to apply Israeli law, jurisdiction and administration to the Golan Heights on 14 December 1981 and, after approval by the Knesset by 63 votes to 21, this came into effect on the same day. Explaining the Government's decision, the Israeli Prime Minister, Mr Menachem Begin, told the Knesset that the Golan Heights were, and would remain, a part of 'Eretz Israel' (the Biblical land of Israel) and that, in view of Syrian use of the area prior to 1967 to launch attacks on Israeli settlements, there was a national consensus that Israel could not relinquish the territory or hand it back to Syria. Moreover, Syria had repeatedly rejected Israeli offers of peace negotiations by denying Israel's right to exist as a state, and Israel could not wait an unlimited time for a favourable response.[1]

International Reaction

Syria immediately condemned Israel's action as a violation of the United Nation Charter and of Security Council resolution 338 (the principal resolution providing for the 1973 ceasefire – see pp 442-3, 1973) and called for an urgent meeting of the Security Council to consider imposing sanctions on Israel, since its action threatened both regional and international peace and security. The Syrian statement also said that Israel's action meant the annexation of the Golan Heights and the rescinding of the 1973 ceasefire. (In a later statement Syria said that it still adhered to the ceasefire, while, on 16 December, Israel said that it still considered the ceasefire to be valid.)

Other Arab states have also condemned the Israeli decision, including Egypt, Israel's partner in the Camp David peace process (see pp 361-2, 1981, and pp 352-5, 1978). In statements on 14 and 17 December, the Egyptian Government said the decision represented a 'blatant violation' of the 1978 agreement on which the Camp David process was based and which stated that peace required respect for sovereignty and territorial integrity and political independence for every state in the area. Saudi Arabia, which has recently put forward proposals of its own for a peaceful settlement in the Middle East (see pp 361-2, 1981) and which President Assad of Syria visited on 22 and 23 December for talks with Saudi leaders, has also described Israel's decision as illegal and affirmed its support for Syria.

At a press conference on 17 December, President Reagan of the United States expressed his disapproval of Israel's unilateral action, pointing out that it had increased the difficulty of seeking peace in the region, and said that the decision had taken the United States Government by surprise. On the following day, the United States suspended the memorandum of understanding on strategic co-operation which it had concluded with Israel in November. The spirit of this agreement, a spokeman said, obliged both countries to take into consideration the broad policy concerns of the other, and the United States did not believe that this spirit had been upheld by Israel in taking its decision on the Golan Heights. At the same time, the United States postponed talks on Israeli proposals for promoting the purchase of Israeli defence equipment by the United States. In reponse, on 20 December, Mr Begin informed the United States Ambassador to Israel that he

[1]In his speech Mr Begin quoted President Assad of Syria as saying in a recent interview that Syria would not recognise the State of Israel even if the Palestinians did. Syrian sources deny this, saying that the President said that peace in the area could not be attained in the absence of a comprehensive strategic balance between the two opposing sides, and that a peace concluded between a strong and a weak nation meant a state of surrender rather than a state of peace.

regarded the suspension as a cancellation of the agreement.

Following Syria's request for an urgent meeting, the Security Council unanimously adopted a resolution on 17 December declaring Israel's action to be 'null and void' and 'without international legal effect', and called upon Israel to rescind its legislation. In the event of Israel's non-compliance, the resolution provided for the Council to meet no later than 5 January to consider taking appropriate measures in accordance with the United Nations Charter. The Syrian representative, Mr Dia-Allah El Fattal, said that if Israel did not comply Syria would request the Council to impose sanctions. The Israeli representative, Mr Yehuda Blum, however, rejected the resolution, saying that it ignored Syria's refusal to negotiate and its threats against Israel. He called on Syria to enter negotiations to settle all outstanding issues between the two countries, including the boundary problem.

The Security Council reconvened in early 1982, and on 15 January postponed for a few days a vote on a draft resolution introduced by Jordan. This, if adopted, would call on United Nations members to break diplomatic relations with Israel and to embargo all military aid and economic, financial and technological assistance.

Community Statement

In a statement issued in London on 15 December, the foreign ministers of the member states of the European Community strongly deplored the Israeli Government's action, describing it as 'tantamount to annexation', contrary to international law, and, therefore, invalid. In addition, it prejudiced all possibility of implementing resolution 242 (adopted by the Security Council in November 1967 and widely accepted as the most appropriate framework for a general peace settlement) and was bound to complicate further the search for a comprehensive peace settlement, to which, the statement added, the Community's members remained committed.

British Views

Speaking in the Security Council on 16 December, Britain's permanent representative to the United Nations, Sir Anthony Parsons, said that the British Government was deeply disturbed by Israel's action, and its concern had been increased by the suddenness and haste with which it had been taken. In Britain's view the Golan Heights belonged to Syria and were subject to the principles emphasised in Security Council resolution 242, including the inadmissibility of the acquisition of territory by war. The British Government, therefore, could not accept any unilateral initiative by Israel to change the territory's status and considered that all legislative and administrative measures and actions implementing the decision had no legal validity.

Together with its European Community partners, Britain had repeatedly reaffirmed the illegality of any unilateral change in the physical and demographic character of the territories occupied by Israel since 1967. It also considered that the 1949 Geneva Convention, which emphasised that protected persons could not be deprived of the benefits of the Convention by a purported annexation of occupied territories, applied to all the territories occupied by Israel. In 1980, Sir Anthony reminded the Council, Britain had supported resolutions disapproving Israel's unilateral change in the status of Jerusalem (see p 270, 1980) and it continued to oppose it.

In conclusion, Sir Anthony referred to the fear of the Community's foreign ministers that Israel's action would further complicate the search for a comprehensive peace settlement and appealed to the Israeli Government to reconsider its decision.

Shorter Notes

COMMONWEALTH DEVELOPMENT CORPORATION

Following an inter-departmental review of the Commonwealth Development Corporation (CDC – see pp 167-8, 1981) in the light of Britain's general aid policy, the Government has endorsed the review's conclusion that the CDC plays 'a valuable developmental role and will continue to have a particular part to play in helping to bring about progress in the natural resources sector of poorer countries'. Announcing this on 14 December 1981, the Minister for Overseas Development, Mr Neil Marten, said that it had been agreed that the CDC should exercise greater flexibility in the allocation of its investments in future, though it would aim to make not less than half of its new commitments in poorer developing countries and also not less than half in renewable natural resources projects.

Mr Marten also announced that, in each of the next three years, the CDC would be allowed to borrow in foreign currency up to £15 million a year and that, with parliamentary approval, the Government would advance it from the aid programme £34 million (cash) in 1982-83, compared with £30 million in 1981-82. The planned figure for 1983-84 would be £37 million. As a result, the total financial resources available to the CDC should enable it to invest in real terms at a level comparable with that it achieved for most of the 1970s.

[The CDC promotes economic development by investing in developing countries, not for maximum profitability but for maximum development value, although it is expected to pay its way taking one year with another. At the end of June 1981, commitments totalled £523·3 million, of which £380·3 million had been invested. Of the total commitments, £180·4 million was for basic development (power and water, housing and transport), £234·1 million for primary production and processing, and £108·8 million for industry and commerce. (The CDC is not empowered to invest in social infrastructure projects.) Solely

dependent on loans for its capital resources, its main source of funds is the Government.]

Sources: *Hansard*, Vol 15, No 29, written answers, cols 17-18; and *Commonwealth Development Corporation: Partners in Development*, available free from CDC, 33 Hill Street, London W1A 3AQ.

BRITISH COUNCIL

The annual report of the British Council, published in December 1981,[1] shows that in 1980-81 the Council spent £123·2 million in promoting knowledge of Britain and the English language overseas, in developing cultural relations with other countries, and in assisting educational advancement in the developing world. Nearly 80 per cent of the funds were provided from government sources – the Foreign and Commonwealth Office and its Overseas Development Administration – the remainder coming from Council earnings and agency fees.

During the year the Council reviewed its priorities and, within the umbrella of its charter, defined its purpose as being the promotion of 'an enduring understanding and appreciation of Britain in other countries through cultural, educational and technical co-operation'. It also reaffirmed the fundamental importance in its work of exchanges of people between Britain and other countries, and the provision of information about Britain. It is now exploring how to use new technologies to improve the latter, and instituting more systematic means of keeping in touch with overseas students and visitors in Britain. These activities form the core of the Council's work but other programmes, less universal and dependent on local circumstances and opportunities, are also important: for example, English language teaching, collaboration in educational development and presentation of the arts.

An important development during the year was the incorporation into the Council of the Technical Education and Training Organisation for Overseas Countries and of the Inter-University Council.[1] The Council is now responsible for all links and exchanges in higher education which require official support.

During the year, the Council assisted nearly 16,900 overseas students and visitors and some 550 academics to come to Britain, and about 3,100 British specialists in education and other subjects to work or undertake professional visits abroad. In addition, nearly 23,000 young people took part in youth exchange schemes. Work in support of the English language included providing tuition for some 143,000 students in Council centres in 28 countries, with another 100,000 receiving tuition at institutes and anglophile societies with which the Council is associated; and arranging for 1,400 English language teachers and advisers to work overseas, mainly in developing countries. Book issues by Council libraries in 1980-81 totalled 4·6 million from a library stock of 1·8 million, while 270 book exhibitions involving 85,000 books and 3,200 periodicals were held in 72 countries. In addition, over £1 million was spent on book presentations to institutions in nearly 100 developing countries, £68,000 was used to assist library development in 30 developing countries, and 2 million text-books from the educational low-priced book series were sold in over 50 developing countries. Tours by British dance and drama organisations went to 57 countries, while music tours covered 76 countries and fine art exhibitions were held in 31 countries.

[1] *The British Council Annual Report 1980-81*. HMSO/British Council, £1·40. ISBN 0 901618 56 X.

[1] The Technical Education and Training Organisation for Overseas Countries was a specialist agency of the Overseas Development Administration which provided technical assistance in the specialist areas of technical education, industrial training, public administration and management development, and agricultural education and training. The Inter-University Council existed to advance higher education in certain developing countries and to encourage co-operation between universities there and in Britain. Both bodies were financed through the aid programme.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Economy

The prospect of a gradual recovery in the economy was presented to the House of Commons on 2 December 1981[1] by the Chancellor of the Exchequer, Sir Geoffrey Howe, who pointed to an expected fall in the rate of inflation, and announced increased expenditure on the National Health Service and on employment measures. The Government was prevented from carrying out all the capital expenditure it desired as this would have entailed further reductions in current expenditure, including that on social security. Planned capital expenditure in 1981-82 of the nationalised industries, however, would be the highest in real terms for six years.

ECONOMIC STATEMENT

The Chancellor was making a statement on the Government's decisions on public expenditure in 1982-83 and on the future pattern of National Insurance contributions over the same period (both sets of proposals following regular annual reviews). He was also publishing, as required by the Industry Act 1975 (see p 487, 1975), the six-monthly economic forecast, giving the prospects for 1982.

He drew the attention of the House to the fall in the rate of inflation. Eighteen months previously the annual increase in the retail prices index had been 22 per cent, falling to 15 per cent six months later and then to its present level of about 12 per cent. The Government expected a further reduction to some 10 per cent over the next year. It was estimated that total output would rise by about 1 per cent and manufacturing output by rather more. 'The outlook, in short, is for gradual recovery.'

In his Budget statement Sir Geoffrey had announced that the Government was to switch the planning of public expenditure from volume to cash terms (see p 98, 1981). On this basis, the starting point for discussions about expenditure in 1982-83 would be £110,000 million. The result of the decisions that he was about to announce would be to raise the planning total for 1982-83[2] to about £115,000 million.

The Government now expected cash expenditure in 1982-83 to grow more rapidly than it had envisaged at the time of the 1981 Budget. It was now thought appropriate to increase the planned provision for certain programmes to reflect changed circumstances although it was too early to judge precisely what the changes would mean for the public sector borrowing requirement in 1982-83. On the basis of the conventional assumptions set out in the Government's economic forecast for 1982 there was no reason at present to depart from the projections published at the time of the 1981 Budget.

Increases in programmes, whether on account of policy or of changed demands, would cost about £6,000 million but offsetting reductions in previous plans would yield a saving of over £1,000 million. The net increase would therefore be £5,000 million. The Chancellor, pointing out that the administrative costs of central government were nearly 10 per cent of total public expenditure, expressed the Government's determination 'to reduce that proportion and maintain the drive for more efficient management throughout the public sector'. The Government's spending plans provided broadly for increases of 4 per cent in the total available for public servants' pay from the next settlement dates but the provision for administrative costs would be further reduced by a cut of at least 2 per cent in all cash-limited expenditure. The Government would continue to reduce the number of civil servants so as to maintain progress towards its aim of having 102,000 fewer staff in April 1984 than when it came into office.

Although the Government hoped to maintain the level of public housing construction and improvement in 1982-83 at about the same level as in 1981-82 there would be reductions in cash provided for some other capital programmes, including those for water services, motorways, trunk roads and certain local authority services. However, because of a substantial fall in tender prices, there should be no significant impact on the Government's published plans for water services, motorways and trunk roads.

The cash provision would allow continued growth in the National Health Service. More of the cost of the health services would be financed by contributions and charges. The National Health Service contribution (paid by employees with their National Insurance contributions) would be increased by 0·1 per cent. The existing range of exemptions from charging would remain unchanged; two out of every three prescriptions would continue to be provided free. Where a

[1] *Hansard*, Vol 14, No 21, cols 237-40.

[2] *The Government's Expenditure Plans 1981-82 to 1983-84*. Cmnd 8175. HMSO, £9·30. ISBN 0 10 181750 9.

charge was payable it would be raised from £1 to £1·30. Charges for dental and ophthalmic services would also be increased.

Student grants in the 1982-83 academic year would be raised by 4 per cent, in line with the pay increases envisaged for employees in the public services.

National Insurance and social security benefits would be raised in line with the forecast change in prices between November 1981 and November 1982, with the announcement being made in the spring. Sir Geoffrey pointed out that the increase in the retail prices index in the year ended November 1981 would probably be some two percentage points higher than the 10 per cent allowed for when calculating the 1981 uprating. For retirement pensions and other long-term benefits (but not short-term benefits) the shortfall would be made good in the November 1982 uprating, thus fulfilling the Government's pledge to protect retirement pensioners fully against inflation.

Altogether, the Government planned 'to spend very substantial extra sums of money next year on social security'. The great bulk would be on pensions, which alone would cost the National Insurance Fund nearly £1,500 million more in 1982-83 than in 1981-82. Expenditure on other benefits and outgoings was also expected to increase, partly due to a further small rise in unemployment. These increases, together with the slower rate of growth in income from contributions, meant that, if contributions were not raised, the National Insurance and redundancy funds would incur substantial deficits. Because of the burdens of National Insurance on employers, it was right, in the Government's view, that the greater part of the increase in contributions should come from employees. Therefore, from the beginning of April 1982, the rate of employees' contributions would be raised from 7·75 per cent to 8·75 per cent of relevant earnings, with some increase for the self-employed. This would apply to weekly earnings within the range £29·50 to £220 instead of the existing £27-£200. Although the percentage rate for employers would not be changed the amount paid by them in National Insurance contributions and in National Insurance surcharge would rise in line with any increase in wages and salaries paid and also because of the increase in the upper earnings limit.

Other areas where expenditure in 1982-83 would be increased were: local government, the nationalised industries, defence and employment.

Sir Geoffrey told the House that local authorities were likely to overspend substantially in 1981-82. As the Government recognised that it would not be practicable to eliminate that overspending in a single year it proposed to allow local authority current expenditure in 1982-83 to increase by some £1,350 million. Local authorities would still, however, be required to make substantial economies. Rate support grant[1] from central government to local authorities in England would be reduced from 59 per cent to 56 per cent.

The nationalised industries, the Chancellor went on, had made bids for increased external finance of about £2,500 million. This would have been in addition to the sum of nearly £1,500 million already provided in the plans. The Government had decided to allow about half the new bids, amounting to some £1,300 million. Nevertheless, if they continued their drive to contain current costs by increasing efficiency and by agreeing moderate pay settlements they should, Sir Geoffrey continued, be able to maintain their aggregate capital investment programme at a level similar to that envisaged in the 1981 White Paper on public expenditure, a level 15 per cent higher in real terms than in 1980-81.

Expenditure on defence in 1982-83 would be raised by £480 million, which would include the cost of the 1981 pay award for the armed services.

Expenditure on employment programmes, taking into account the measures announced in July 1981 (see pp 228-30, 1981), would rise by nearly £800 million in 1982-83. A substantial part of the additional spending would go to help the young unemployed.

PARLIAMENTARY DEBATE

The House of Commons discussed the economic statement on 8 December 1981 (*Hansard*, Vol 14, No 25, cols 725-818).

Opposition Views

For the Official Opposition, Mr Peter Shore expressed the view that the Chancellor had ensured that, within the limits of government action, little or no economic recovery would now take place. He said that the public sector borrowing requirement had received only a glancing reference in Sir Geoffrey's statement, which had contained no hint that the medium-term financial strategy was the focal point of the Government's economic policy. He found this astonishing because the Government's whole economic doctrine was based on the policy of controlling the money supply by fixing, over a four-year period, a limit for the growth of sterling M3 (money in circulation and British residents' sterling bank deposits) and the progressive reduction of public borrowing.

In selecting an alternative policy, Mr Shore told the House, the problem was 'to choose the most beneficial package and to judge, against the continuing deterioration of our affairs, the scale of reflation that will be required and the best mix of policies to achieve it'. He recalled that, during the debate on the 1981 Budget, he had presented to the House his proposals for 'strong action both to reduce costs and to increase demand in our industry'. He had called for reductions in interest rates, the exchange rate and the National Insurance surcharge and for direct assistance to bring down the costs of fuel, especially for industries that were heavy consumers of energy. Mr Shore had also urged measures to increase, in the public sector, investment expenditure and some parts of

[1]Rate support is a system whereby central government supplements the finances for current expenditure of local authorities so that they can provide services for which they are responsible to similar standards while reducing disparities in their rates.

current expenditure, particularly to assist local authorities with major inner city problems. The Labour Party would involve government and industry much more directly together in planning a long-term and sustained recovery 'for there is no doubt that we need an active supply side policy for British industries'.

Mrs Shirley Williams, for the Social Democratic Party, said that it was difficult to understand how increased rates, rents and charges would do anything effective about 'the inflation that the Government claim to be their major and overriding target'. It was especially difficult to discern how increased National Insurance contributions and industrial rates in 1982-83 would encourage the level of employment.

Mrs Williams believed that there was a strong case for reflation of £5,000-£6,000 million a year. Selective investment would pay for itself within four or five years. On training, she feared that too much of the Government's money would be on cosmetic schemes designed to remove young people from the unemployment register without providing an effective foundation for training in skills.

For the Liberal Party, Mr Richard Wainwright expressed regret that the Chancellor's statement was lacking in information on both revenue and expenditure. For example, there was no information, he said, about the cost of servicing the national debt.

He was confident that the programme for the next general election of the Liberal Party and, he hoped, of the Liberal Party-Social Democratic Party alliance, would contain proposals for an incomes policy, for which public endorsement would be sought.

Mr Wainwright felt that the statement gave no direction to the Government's economic policy and that it suggested that economic recovery was divorced from government action. He was also critical of the Government's action on the money supply, National Insurance, the exchange rate, energy costs and industrial training.

Government Reply

Replying for the Government, the Chief Secretary to the Treasury, Mr Leon Brittan, said that the Government had to decide how best to help industry to continue the process of emerging from the recession as quickly as possible. He admitted that the increase of £5,000 million in planned public spending was substantial and went on to remind the House that the Conservative Party believed that the share of spending taken by the State had been excessive and ought to be gradually reduced. However, the increase that had taken place was attributable to changed circumstances.

Examining the components of the rise in spending, Mr Brittan pointed out the implications for industrial recovery of increased spending on defence. The Ministry of Defence was spending over £5,000 million a year on British industry while in 1982-83 it would be spending an extra £1,000 million. He regretted that local authorities had increased their spending above the Government's plans to such an extent that it was impossible for them to reduce it as fast as the Government wished. Even so, the local authorities had been granted only about half the rise they had requested. The increased provision for nationalised industries would enable their investment plans to continue to expand (planned capital programmes in the nationalised industries in 1981-82 were at the highest level in real terms since 1975-76).

Mr Brittan told the House that further reductions in current expenditure in order to carry out all the capital expenditure that the Government desired would have to take the form of savings in social security expenditure. 'It is because we have not felt it appropriate to take that line that we have not been able to make room for as much capital expenditure as ideally we would like to have', he explained.

Voting

The motion to approve the Chancellor's statement was carried by 307 votes to 265, a Government majority of 42. An amendment tabled by the Official Opposition had earlier been defeated by 307 votes to 267, a Government majority of 40.

Nationalised Industries and Private Finance

The Government's progress in increasing competition in nationalised industries and a consideration of how to involve private capital in financing industries remaining in the public sector were discussed by the Chief Secretary to the Treasury, Mr Leon Brittan, at a Westminster and City Programmes Conference in London on 8 December 1981.

Mr Brittan said that the subject of state industry and private capital ranged widely from 'the consideration of full-blooded privatisation to more limited schemes directly tapping capital markets for funds for individual projects'. Each of these policies was 'the manifestation of a much wider imperative – the need to expose industries in the public sector to competition and to market pressures and disciplines to the maximum extent possible, in order to ensure a better allocation of resources and a higher level of efficiency'.

Privatisation

Mr Brittan summarised the progress made in opening up state industries to competition. He said that there were 'solid successes to report'. Government shareholdings in British Aerospace (see pp 14 and 56-7, 1981) and in Cable and Wireless (see pp 344-5, 1981) had been sold and both industries had been returned to the private sector. An offer from a management-led consortium for the National Freight Company had been accepted (see p 341, 1981) and the sale was expected to be completed by the end of the 1981-82 financial year. Legislation had been

enacted to enable the Government to sell the British Transport Docks Board (see pp 52-3, 1981), British Airways (see pp 382-3, 1979) and Amersham International Ltd (the new name for The Radiochemical Centre Ltd; see p 74, 1981) and to dispose of shares in subsidiaries of British Telecom and the British Railways Board (see p 52, 1981). In all cases where it had been practicable, special steps had been taken to encourage the sale of shares to employees. The British Aerospace sale had been successful in this respect, while the management buy-out for the National Freight Company took this 'a logical, and most welcome, step further'. In the current parliamentary session the Government would seek powers to sell a majority shareholding in the oil-producing business of the British National Oil Corporation, to privatise the British Gas Corporation's substantial offshore oil assets (see pp 340-1, 1981) and to permit the introduction of private capital into the National Bus Company. Joint ventures with the private sector had also been encouraged, one notable example being the British Steel Corporation's partly owned private sector subsidiary Allied Steel and Wire (see p 75, 1981) and another being a new company, known as Hoverspeed, formed by the recent merger of British Rail Hovercraft Ltd and Hoverlloyd.

Important steps had also been taken to open up state industries to competition, in particular by removing a number of statutory monopolies. This process was just beginning in telecommunications following the passage of the British Telecommunications Act 1981 (see pp 14-16, 1981). Experience in the past year in the transport sector, following the relaxation of the licensing restriction on private sector bus and coach operators in the Transport Act 1980 (see pp 383-5, 1979), showed how effective this could be.[1]

Mr Brittan said that the process of returning the industries to the public was proceeding 'in a flexible and pragmatic way, adapting the means to the particular circumstances of the case'. In his opinion, this approach had been 'an important factor in our success' and provided 'a lesson we [the Government] should draw on in considering how to involve private capital in other cases'.

The Determination of Nationalised Industry Investment and Finance

The Chief Secretary then set out the Government's approach to the determination of nationalised industry finance and investment. He said that in the private sector market forces determined the scale and composition of investment plans. A company would invest only when its expected return exceeded the cost of borrowing to finance that investment. 'The rigour with which the company approaches investment decisions reflects its knowledge that the failure to achieve expected returns will depress share prices, increase the threat of takeover and, in the last analysis, lead to bankruptcy.' Financial markets could not adequately impose the same discipline in determining whether nationalised industry investment decisions should proceed. If nationalised industries were to borrow direct from the market instead of from the National Loans Fund, they would be able to borrow at will and on favourable terms compared with the private sector. 'Their ability to commandeer funds in this way would reflect varying degrees of monopoly power, the essential nature of the services they provide and ultimately the fact that the Government stands behind them with the power to tax . . . . Even if borrowing direct from the markets were to replace entirely the industries' present access to the National Loans Fund – as was the case before 1956 in the UK and is presently the case in some other countries – there would be no substantive change. It does not make a real difference whether they borrow directly from the capital markets or from the Government, which lends money that it in turn has raised in the gilt-edged market. It is the same money whichever route is followed.'

Accordingly, Mr Brittan continued, successive Governments had felt it necessary to control nationalised industry investment and financing by administrative means rather than to rely on the markets. Administrative controls were designed to serve two purposes. First, they were intended 'as a substitute for the disciplines of the market to ensure an adequate return on investment', so that investment would be undertaken only when it was 'expected to yield a return comparable with that which would be achieved on the resources if used elsewhere in the economy'. The present required rate of return was 5 per cent in real terms on an industry's new investment programme as a whole, equivalent to the pre-tax real returns achieved by private sector companies in the past and the likely trend in the return on private investment. However, he shared the House of Commons Treasury and Civil Service Committee's view of a 'healthy scepticism' of controls[1] and pointed out that the return on nationalised industry investment had been very low; since 1971 the aggregate real return on capital (excluding subsidies) had never been above zero. Secondly, the controls were designed to ensure that total nationalised industry investment expenditure was 'consistent with the appropriate level of savings and investment in the rest of the economy and with macroeconomic policy generally'.

Public Sector Borrowing Requirement

Mr Brittan then discussed the relationship of the public sector borrowing requirement (PSBR) and macroeconomic policy. He said that as the nationalised industries were in the public sector their borrowing was properly part of the PSBR. The only way in which finance for a nationalised industry could be taken outside the PSBR was by privatisation. Neither a change in the immediate source of finance for the industries nor a change in the definition of the PSBR could provide an escape from the requirements of macroeconomic

[1]Following the Act, there have been reductions in long-distance coach fares and a sharp rise in the number of coach services and of passengers carried.

[1]The Committee produced a report in 1981 entitled *Financing of the Nationalised Industries*. Eighth Report from the Treasury and Civil Service Committee, Session 1980-81. Volume I. Report. HMSO, £3·55. ISBN 0 10 008701 9.

policy 'which, if we are serious about wanting to reduce inflation, is the real constraint. Indeed, many of the proposals for private finance are no more than disguised calls for more public sector spending.' The Government's policy was 'progressively to limit and reduce the growth in the money supply' and, as in the medium term the velocity of circulation was generally stable, this could be translated into a constraint on total money expenditure, although there was no target for money expenditure as such. To achieve the monetary target without excessive reliance on interest rates, the Government took certain fiscal decisions on expenditure and taxation which operated through their effect on the nominal level of expenditure in the economy as a whole. Nationalised industry investment was one component of nominal expenditure and had to be fitted into the total. An increase in investment would add to total expenditure and to inflationary pressures unless it could be offset by some reduction in expenditure elsewhere; unless, that is, the distribution of demand could be shifted away from current consumption. The Government would prefer to see this reduction affecting current public sector expenditure, but if this could not be achieved the only alternative was general action, either through interest rates or taxation, which would normally add to the burden on the private sector. At any time the Government had to make choices about the balance between these considerations and the appropriate level of nationalised industry investment.

Mr Brittan said that the constraints on investment as a result of macroeconomic policy were not unique to the public sector, although they operated rather differently in the private sector. For public sector bodies, including nationalised industries, spending was kept at an appropriate level by administrative means: external financing limits or approved investment programmes. In the private sector monetary and fiscal policies acted as the constraint affecting private spending decisions through changes in interest rates and taxes.

The Chief Secretary considered the view that there were substantial private savings waiting to be tapped and that only unnecessary concern about the PSBR was denying nationalised industries access to them to be 'not only misconceived but . . . virtually the reverse of reality'. He said that although private savings had risen in recent years so had the demand for credit. In 1981 the Government had raised about £1,000 million a month through debt sales to the private sector, about one-quarter through national savings and the rest mainly through sales of gilt-edged stock, while capital issues by companies had doubled. 'Far from there being vast unused resources', Mr Brittan said, 'we are witnessing intense competition for funds. In such circumstances the consequence of greater public sector investment and hence borrowing will be . . . to increase inflationary pressures, raise interest rates and put further pressure on the private sector.'

Role of Private Finance

The Government's view on the role of private capital, Mr Brittan continued, 'is that there can be advantages if a means can be found of introducing private capital in such a way as to expose it to genuine risk. A mechanism of this sort should bring market pressures to bear on the industries and thereby secure greater efficiency and improved performance.' However, there were problems – for example, 'the explicit or implicit government guarantee, the difficulty of distinguishing individual projects in integrated networks [and] the threat of government intervention'.

A working party of the National Economic Development Office had been looking at the subject. In considering a situation in which some decisions to invest in nationalised industries or parts of the industries could be undertaken by private sector investors even though the activities remained in the public sector, the group had identified two important conditions. First, decisions to provide funds for investment should be taken under conditions of fair competition with the private sector and 'links with the rest of the public sector, government guarantees or commitments, or monopoly power should not result in the schemes offering investors a degree of security significantly greater than that available on private sector projects'. Secondly, such schemes should yield benefits through higher efficiency and profitability commensurate with the extra cost of raising risk capital from financial markets. Mr Brittan said that these conditions raised a number of problems, some of which might be easier to solve in the context of finance for particular projects rather than for industries as a whole. 'But if the necessary separation from the implicit backing of the nationalised industry can be achieved [and] if there can be separate identity of costs and revenue', he said, 'then would it not be better if the activity concerned was genuinely privatised and fully subject to the market?'

Conclusion

Mr Brittan said that, in setting out the problems, he did not mean to deter the search for solutions. The Government had not given up hope. Work was in progress within the Government on a profit-related bond and he knew that other work was proceeding in particular industries. It should be no surprise that problems had arisen as this was 'a new area and innovations need time and thought'. He hoped that the City of London, industry and government departments would 'respond to the challenge of these problems with vigour and inventiveness'. For the industries there was the incentive that, although direct finance of this sort would be within the PSBR and hence their external financing limits, a somewhat higher external financing limit might be allowed as a result of the inclusion of a market-determined element in the borrowing. This had been agreed for British Telecom's external financing limit for 1982-83. Mr Brittan said that this did not mean that any general escape from the constraints of macroeconomic policy had been discovered. The constraints did not, however, stand in the way of the Government's desire 'to find genuine alternatives to present financing techniques which will bring new pressures to bear on the industries, stimulating them to better performance in the

interests of the economy as a whole. Alongside full-scale privatisation and joint ventures, that is a prize well worth attaining.'

Domestic Rates

The Government is considering alternative methods to the domestic rating system of raising revenue for local authorities. It has issued a consultative document[1] which discusses, among other alternatives, local sales taxes, local income taxes and poll taxes.

The consultative document covers only England, Wales and Scotland. The Government wishes to consider separately the implications for the different system which obtains in Northern Ireland.

Sources of Local Government Revenue

Expenditure by local government is expected to amount to about £30,000 million in 1981-82, equal to some 8 per cent of gross domestic product. After allowing for certain reliefs, domestic rates (those paid by householders) will raise about £5,000 million, the rest of local government revenue coming from rents, fees and charges, from central government grants and from non-domestic rates (paid mainly by industry and commerce, including nationalised industries).

The basis of the system of domestic rates is that each rating authority applies a rate poundage (expressed as a number of pence per pound) to the rateable value of every property in its area (rateable values are established by periodic assessments by government officials and are based on annual rental values). The rates payable on a property are equal to the rate poundage multiplied by the rateable value. However, the burden of domestic rates may be moderated in three ways. First, the rate poundage applicable to domestic premises is reduced by domestic rate relief. Secondly, domestic ratepayers on low incomes or with very high rates may qualify for rate rebates. Thirdly, liability to domestic rates is taken into account when assessing entitlement to supplementary benefit.

Criticisms of the Domestic Rating System

There have recently been three major criticisms of the domestic rating system. First, it has been argued that the burden of domestic rates is unfairly shared between different types of household and between people occupying property of a similar kind in different local authority areas. Secondly, some people feel that domestic rates bear too little relation to ratepayers' ability to pay (for example, because earners who are not householders do not contribute directly) or to the use made by ratepayers of services provided by local government. Thirdly, some professional bodies have expressed concern at the insufficiency of information for rating revaluation.

[1]*Alternatives to Domestic Rates*. Cmnd 8449. HMSO, £4·75. ISBN 0 10 184490 5.

Reform of the Domestic Rating System

The consultative document considers a number of possible reforms of the domestic rating system which could be implemented relatively quickly. One possibility is a levy on all earning members of a household, which would improve fairness and widen the rate base. Another is tax relief for domestic ratepayers, which would enhance their position in relation to non-householders. Modifications to the system of domestic rate relief are also considered.

Alternative Local Taxes

Three new local taxes are proposed as alternatives to domestic rates. They are local sales taxes, local income taxes and poll taxes. (The Government has rejected ideas of local duties on petrol, alcohol or tobacco, a local vehicle excise duty, charges for licences to sell alcohol or petrol and a local payroll tax.)

Local Sales Taxes

Sales taxes levied by local authorities, either in conjunction with the existing system of value added tax or entirely separately, are regarded as a workable alternative but there would be a number of problems. For example, trade might be diverted to areas with low rates of tax and local authorities might be inhibited from altering rates of tax because of the upheaval caused for businesses. The Government feels that local sales taxes cannot be a sole replacement for domestic rates but might be effective if combined with other forms of local revenue.

Local Income Taxes

The main advantage of local income taxes is that they would significantly widen the local tax base by including all payers of national income tax while clearly relating the burden on each to the ability to pay. Disadvantages include the high costs of administration, by both the public sector and by employers, and the fact that introduction might run counter to the Government's policy for simplification of the tax system.

Poll Taxes

Poll taxes (fixed annual charges on individuals living in a local authority area) can be levied according to a number of criteria. For example, they can be applied to every adult, every elector or everyone with an income. If a poll tax were levied on every adult in Great Britain the rate would need to be about £120 per head to yield income equal to that of domestic rates. If only those adults with incomes were to be taxed the rate would be nearly twice as much, which the Government considers too high to be a practical proposition. However, it feels that the idea of a poll tax at a lower rate but used to supplement another tax is worth considering.

Assigned Revenues

A radically different alternative which the consultative document considers is to replace the yield from domestic rates with an assigned share of the revenue from national taxes. This could be

far less complicated, and therefore cheaper to run, than any of the possible new local taxes. Assignment of revenues would fundamentally alter the relationship between central and local government but would strengthen the influence of central government over local government revenue. It might weaken the incentives on local government to achieve efficient management and would reduce the accountability of local authorities to local people for the revenue they raise.

Fees and Charges

The consultative document points out that an extension of charging by local authorities for services they provide could act as an alternative to domestic rates. It is argued that making consumers pay an increased contribution towards the cost of services should result in a more efficient use of resources as the provision of services would be related to the price that users were willing to pay. Against this must be set the fact that it is impractical or inefficient to charge for certain services, such as police, fire and street lighting and cleaning.

New Training Initiative

Proposals for a new Youth Training Scheme, expansion of grants to employers providing integrated training programmes, recognised standards for all main craft, technical and professional skill training and development of an 'Open Tech' programme are among the measures put forward in a White Paper published by the Government on 15 December 1981.[1]

The Government's White Paper is published in conjunction with a Manpower Services Commission report on the response to the consultative document *A New Training Initiative* (see pp 178-9, 1981).[2] The report shows that there has been overwhelming support for the three major national objectives for the future of industrial training. These objectives are:

to develop skill training including apprenticeship so as to enable young people entering at different ages and with different educational attainments to acquire agreed standards of skill appropriate to the jobs available and to provide them with a basis for progress through further learning;

to move towards a position where all young people under the age of 18 have the opportunity either of continuing in full-time education or of entering a period of planned work experience combined with work-related training and education;

to open widespread opportunities for adults, whether employed or returning to work, to acquire, increase or update their skills and knowledge during the course of their working lives.

The White Paper sets out the Government's programme for action, both immediate and longer term, drawing substantially on the recommendations made by the Manpower Services Commission, which will play a central role in its implementation. The Secretary of State for Employment, Mr Norman Tebbit, described it as 'the most far-reaching and ambitious set of proposals for industrial training ever put before Parliament'.

The Government's ten-point programme for action comprises:

1 a new £1,000 million a year Youth Training Scheme, guaranteeing from September 1983 a full year's foundation training for all those leaving school at the minimum age without jobs;

2 increased incentives for employers to provide better training for young people in jobs;

3 development of an 'Open Tech' programme to make technical training more accessible to those who have the necessary ability;

4 a working group to report by April 1982 on ways of developing the Youth Training Scheme to cover employed as well as unemployed young people, within available resources;

5 setting a target date of 1985 for recognised standards for all the main craft, technician and professional skills to replace time-serving and age-restricted apprenticeships;

6 better preparation for working life in initial full-time education;

7 more opportunities for vocationally relevant courses for those staying on in full-time education;

8 closer co-ordination of training and vocational education provision nationally and at local level;

9 a £16 million fund for development schemes in particular localities or sectors;

10 examination of longer-term possibilities for more effective, rational and equitable sharing of the costs of training between trainees themselves, employers of trained people and the general taxpayer.

The Need for Action

The White Paper says that people are the pre-eminent resource and must be given the best backing that the nation can afford. New technology offers the chance to become more productive and to create new and better jobs selling goods and services to the rest of the world. But to take that opportunity a better educated, better trained and more adaptable workforce is needed.

Transition from Full-time Education to Work

It is necessary, the White Paper says, to start with better preparation for working life in schools and better opportunities for continuing education and personal development in the early years at work.

[1] *A New Training Initiative: A Programme for Action.* Cmnd 8455. HMSO, £1·90. ISBN 0 10 184550 2.

[2] *A New Training Initiative: An Agenda for Action.* Available free from Manpower Services Commission, Selkirk House, 166 High Holborn, London WC1V 6PF.

Staying in Full-time Education

The Government is seeking to ensure that the school curriculum, particularly during the last two years of compulsory education, develops the personal skills and qualities as well as the knowledge needed for working life. Nearly one-third of young people aged between 16 and 19 remain at school or go into other full-time education, and the Government has made available for 1982-83 an additional £60 million (see p 229, 1981) to enable more to do so. The Government intends to secure development of a new pre-vocational examination for young people aged 17 or over in schools and colleges in England and Wales. In Scotland there are proposals, designed to meet the same need, for a one-year course leading to the award of a 'Scottish Certificate in Vocational Studies'.

The First Year in Employment

Young people need to be equipped not merely to do the immediate task required by the job, but with a basic competence and flexibility which they can build on as they change jobs. The best way of providing this is through arrangements made by employers for their own employees. The present sparsity of training in employment means that efforts should be directed not only to creating jobs for young people but also to ensuring that they are properly trained for them. The Young Workers' Scheme, announced in July 1981 (see p 230, 1981), provides grants to employers who take on young people under 18 at a wage of less than £45 a week (originally £40); the grants are available for the first year of employment. The scheme is intended to encourage employers to take on more young people at wage levels they can afford, and to enable them to give the training required.

To encourage proper training the Government is expanding the scheme of grants to employers who co-operate in providing integrated training, further education and work experience (the Unified Vocational Preparation Scheme; see p 179, 1981) so as to cater for some 50,000 young people by 1984-85. It is also intended to extend to the 1982-83 training year the higher level of support for skill training – some 35,000 places – announced for the current year. The Manpower Services Commission has proposed to establish a high-level working group, including representatives of industry and education, to report urgently on the possibilities of a wider and more general scheme of foundation training for all young people, whether employed or unemployed. The Government will continue to plan on the basis that over the next few years many young people may have difficulty in finding jobs on leaving school; special provision will continue to be needed to achieve the major aim of reaching the position where all young people on leaving school either move on to further education, find a job or are given the chance of training or community service.

A New Youth Training Scheme

The White Paper proposes that a new and better Youth Training Scheme should be introduced, in place of the Youth Opportunities Programme (see pp 278-9, 1977, and p 68, 1978), to cover all unemployed school leavers who leave at the minimum age of 16 by September 1983. It will aim to equip unemployed young people to adapt successfully to the demands of employment, to have a fuller appreciation of the world of industry, business and technology in which they will be working, and to develop basic and recognised skills which employers will require in the future. These aims require an effective integration of skills, knowledge and experience through planned and supervised work experience and properly designed opportunities for off-the-job training or further education, and a training programme of up to a year will generally be needed. The five main elements of the programme will be: induction and assessment; basic skills; occupationally relevant education and training; guidance and counselling; and record and review of progress. Full national and local involvement of employers, trade unions, local authorities, local education authorities, voluntary bodies and the trainees themselves will be needed.

Under the new scheme the Government intends to guarantee an early offer of training to all minimum-age school leavers who are unemployed during their first full year after leaving school. Unemployed school leavers will be offered a full year's training course; those who become unemployed after some experience of work will be offered shorter courses which may average six months. Other young people under 18 who leave school or further education after the minimum age and cannot find a job and others under 18 who have had a job but become unemployed within 12 months of leaving school will be eligible for places, although priority will be given to minimum-age school leavers who find themselves unemployed during their first year after leaving school.

The Community Industry Scheme (see p 285, 1973), which at present provides disadvantaged 16- to 18-year-olds with temporary employment lasting up to a year, should in future concentrate more on 18-year-olds, perhaps providing exclusively for those who are outside the target group of the new scheme.

The young people catered for by the new scheme will benefit from having a wider range of skills and experience, and they should therefore receive allowances that reflect their learning role. The provision of guaranteed training places on the new scheme for minimum-age school leavers brings them into a situation akin to those who go on at that age to further education, and they will, then, cease to be eligible for supplementary benefit in their own right until 1 September in the year after that in which they leave school. A training allowance will be paid to these school leavers, set at a level intended mainly to cover travel and other expenses; the allowance is likely to be around £750 a year, and for those joining above the minimum school-leaving age around £1,250 a year. Those who unreasonably refuse a suitable training place would, like adults who unreasonably refuse training offers, have their benefit reduced for six weeks.

The Youth Opportunities Programme is already evolving in the direction now planned, and the

Manpower Services Commission will be asked to develop the programme so as to provide around 100,000 of the new 12-month training places in 1982-83 and to be in a position to provide such places for all school-leaver entrants in 1983. The new scheme will then replace the Youth Opportunities Programme. The expected cost of the new scheme will be around £1,000 million in a full year, compared with an estimated cost for the Youth Opportunities Programme in the current financial year of £400 million. The average cost per trainee week, exclusive of allowances, will be around twice that of the present programme, reflecting the improved training content.

The Government's ultimate objective is to provide proper training on a comprehensive basis, not only for the unemployed but for all young people in employment. The Government is willing to consider and develop schemes to help more unemployed young people into jobs with proper training, and would be prepared to transfer resources proportionately from the new scheme to such other schemes if they can be developed.

Training for Craft, Technician and Professional Skills

Better vocational preparation in school and in the first year of working life will, the White Paper says, lay the foundation for a more flexible workforce, but urgent reform is also needed of the arrangements for training in craft, technician and professional skills, both for young people and adults. Obstacles to full and efficient use of the skills acquired must also be removed. It is clear that in the coming years a higher proportion of people will be required who are able to handle jobs at technician level and that there will be fewer opportunities at semi-skilled level and below. Uncertainty about future requirements for labour skills places a premium on flexibility and mobility within the workforce and a key to this is a training system embodying a wide range of recognised standards of achievement. Access to skilled work, or training to higher levels, should depend not on the form and structure of previous training but on proven ability.

There already exist a number of institutions with considerable experience in defining and testing standards of individual competence in theoretical and practical skills, but standards of competence have been seen as optional rather than basic requirements. The Government endorses the commitment by the Manpower Services Commission to 1985 as the date by which relevant standards of competence, with associated courses and certificates, should be available for all significant skilled occupations.

The skill shortages which may reappear when the economy recovers cannot be met solely by training the new intake of young people, but will require considerable re-adaptation of the existing labour force. This is primarily a matter for industry, but it will in some cases require new arrangements and facilities. The Government therefore intends that the resources of the Training Opportunities Programme, currently some £250 million a year, should increasingly be directed to encouraging the necessary provision in industry. The gaps in the availability of training facilities to firms and to individuals seeking to progress to higher levels of skill and responsibility could be filled by making existing facilities and new courses more accessible through the use of 'open learning' and 'distance learning' methods, and exploiting the potential of new information technology. The Government is therefore providing resources for an 'Open Tech' programme (see p 180, 1981), to be supervised by a Manpower Services Commission steering group representing industry, education and training interests. It will work with and through many channels (including industrial ones), facilitating the actions of others rather than establishing a new educational or teaching institution. Participants in the programme will typically use a range of printed and audio-visual learning materials, and will work independently, either in college or at home, but with access to tutorial and practical help and facilities. The first project will start in 1982.

Organisation and Funding

The Manpower Services Commission will remain the main agency through which the Government initiates action and monitors progress over the whole field of industrial training. The Government will ensure that the education departments and other education interests are fully involved in the development of training programmes and that there is effective consultation when new training and educational initiatives are devised. It will rely to the fullest possible extent on the voluntary arrangements already existing or being developed in particular industries, and on the seven statutory industrial training boards which are being retained (see p 371, 1981). The Government is asking the Manpower Services Commission to encourage the development of local arrangements to bring industry more closely in touch with the education and training services to identify and meet local training needs. Additional funds of £6 million in 1982-83 and £10 million in 1983-84 will be made available for the assistance of joint initiatives for new types of training scheme from employers, unions and others in particular localities or sectors, for which there have already been interesting proposals.

In the current recession individual firms have cut back on their contribution to vocational education and training, and in compensation the Government has stepped up the contribution channelled through public funds. When the White Paper's proposals are fully implemented in 1984-85, public expenditure on Manpower Services Commission training programmes alone will be close to £1,500 million. This will include more than £1,000 million for the new Youth Training Scheme, some £280 million for the Training Opportunities Scheme and £100 million for apprentices and vocational preparation for those in jobs. In addition, some £4,000 million will be spent on post-16-year-olds through the education system, including about £1,000 million on non-advanced further education, a considerable proportion of which will be of a vocational nature.

For the immediate future the Government sees an increase of public expenditure on this scale as the only way of plugging the gap in the training

provision required to be ready to meet the skill needs of the economy as trading conditions improve and to offer adequate opportunities to the current generation of young people. It is applying these extra resources to help to secure longer-term reforms in the quality of training and bring about a change in the attitudes of young people to the value of training and acceptance of relatively lower wages for trainees. In the longer term, however, the responsibility for training must lie mainly with employers, as it does in most other major industrial countries. The Manpower Services Commission has proposed to establish, in co-operation with the Government, a general study of the funding of industrial training as a whole, and the Government intends to give further consideration to the matter in the light of that study.

Public Expenditure in Northern Ireland

Details of the allocation of public expenditure in Northern Ireland in 1982-83 have been announced. Special priority is being given to industrial support and development and to housing.

In a statement issued by the Northern Ireland Office on 6 January the Secretary of State for Northern Ireland, Mr James Prior, said that public expenditure in 1982-83 – a total of £3,510 million – took account of the special needs of the Province and represented (in cash terms) an increase of some £90 million over the level of spending implied in the Government's plans published last April.

The allocations to particular programmes which Mr Prior announced represented, he said, a major response by the Government to the particular problems of Northern Ireland. In terms of employment alone it was estimated that the increases in planned expenditure would provide more than 9,000 additional employment opportunities.

Industrial Support and Development

Priority continues to be given to the industry, energy, trade and employment programmes. The Government believes that it is essential to continue the drive for new industries and at the same time to provide appropriate support to existing industry in Northern Ireland. Some £200 million is being allocated to industrial support and development to ensure that a shortage of resources should not restrain the effort to create jobs. The Government's policy is that Northern Ireland should be in a position to take full advantage of an improvement in world economic conditions.

Housing

Within the social and environmental programmes priority is given to housing. A very substantial increase in resources is to be provided for the Housing Executive to finance a major drive to improve conditions. The allocation will fund new building; rehabilitation work, mainly in Belfast; the modernisation of Housing Executive dwellings; and grants for improvements and repairs in the private sector. The resources will enable the Executive to operate at about the limit of its capacity in 1982-83, and will bring new work to the construction industry. Proposed support from the European Community forms part of the planned resources, as do increased receipts from house sales by the Executive.

Youth Training

The present high level of unemployment, particularly among young people, continues to be of great concern, in Northern Ireland as elsewhere. In December a new training initiative for young people in England, Wales and Scotland was announced (see p 21), and provision in Northern Ireland is now being made for a comprehensive Youth Training Programme, geared to local circumstances and building on what has already been achieved under the Youth Opportunities Programme. The new Programme will be adaptable to individual aptitudes and needs. It will offer better training opportunities for those who stay in full-time education beyond the minimum school leaving age; training places for young people who have no job after leaving school; and training opportunities in jobs where training provision is inadequate. All 16-year-old school leavers who wish to participate will be offered a guarantee of a year of full-time training, and there will be a range of opportunities for other young people in the 16-to-17 age group. Allowances will be on a par with those available in the rest of Britain.

The Government aims to introduce the scheme this autumn, a year ahead of the new scheme being developed in England, Wales and Scotland. The total cost to public funds in 1982-83 of training arrangements for young people will be some £42 million.

Agriculture

Following a major review of the agriculture industry, an additional £16 million is being made available. Details of the ways in which the resources can best be used will be settled after consultation with farming interests and the European Community authorities.

Electricity

In March 1981 the Prime Minister announced that electricity tariffs in Northern Ireland (where generating costs are very high) would be brought more closely into line with those in England and Wales. This would help consumers and provide greater stability. As a first step, domestic tariffs were set 5 per cent above, and industrial tariffs on a par with, the highest in England and Wales, and provision will now be made to enable this differential on domestic tariffs to be removed.

Social Programmes

Despite the emphasis on economic, industrial and agricultural programmes and the special effort on housing, considerable programmes will continue

on the social front. Increased spending will allow the Health and Social Service Boards to keep pace with medical advances and demographic changes by providing staff and new facilities; a capital programme will enable a start to be made on some new hospital and community schemes.

An extra allocation for education will help to ease a planned reduction of resources and allow for continued priority to be given to the educational aspects of the Youth Training Programme, but as in other programmes the importance of identifying priorities and maintaining strict financial discipline is emphasised.

Belfast and Londonderry

Particular attention is being paid to Belfast and Londonderry. For Belfast, in addition to the priority accorded in other programmes, especially housing, £5 million will be allocated for social and environmental programmes to aid particularly the very young and the very old. For Londonderry it has been decided that the Richmond shopping and commercial project should proceed, and spending of some £3 million is expected in 1982-83.

Law, Order and Protective Services

Increased resources of some £12 million are to be allocated to the law, order and protective services programme to meet, among other things, additional police costs and the maintenance of the security staff grants scheme.

Public Spending in 1982-83

The allocations to 1982-83 programmes (cash prices) which underlie the recent policy decisions are as follows:

	£ million
Agriculture	80
Industry, energy, trade and employment	415
Transport	105
Housing	290
Other environmental services	150
Law, order and protective services	365
Education, libraries and arts	530
Health and personal social services	580
Social security	935
Other public services	30
Common services	30
Total	3,510

Lorries and the Environment

Measures designed to ensure that future freight transport developments serve the public interest, with the aim of achieving a better environment as well as a healthier economy, are outlined in a White Paper published on 1 December 1981.[1] They are intended to keep lorries away from places where people live, through the provision of more by-passes; to make lorries quieter and cleaner; and to keep their numbers down.

[1]*Lorries, People and the Environment*. Cmnd 8439. HMSO, £1·50. ISBN 0 10 184390 9.

The Government aims progressively to reduce the noise from new heavy lorries to less than half the 1981 level so that by 1990 they would be no noisier than most 1981 new-model cars. Maximum lorry weights are to be raised, the higher load capacity enabling industry to meet demands for freight services with fewer vehicles than would otherwise be needed. This will benefit the environment and bring economic benefits to industry and consumers through savings in transport costs. Safeguards on the design of lorries (including their dimensions and axle arrangements) will mean that the effect of heavier vehicles on roads and bridges will be marginal and, in some respects, slightly favourable, with a reduction of about 5 per cent in road damage from heavy articulated road transport.

WHITE PAPER

The White Paper says that since the end of the second world war in 1945 there have been great changes in freight transport, with an increasing reliance on lorries, and the economy 'has benefited enormously from the development of road transport'. The lorry 'is now an essential part of our national transport arrangements and indeed it is the only possible means of delivery and collection from farms, shops and most factories and warehouses'. However, 'the effect of big lorries on people and the communities through which they pass is now a matter of grave public concern. They are far too noisy and in many towns and villages for which there is still no by-pass the effects are intolerable.' The Government agrees with the approach contained in the central conclusion of the Armitage Report on the problem of lorries and their impact on people and the environment (see pp 18-19, 1981) that the public interest would best be served by maintaining and developing the economic benefits from heavy lorries and at the same time reducing their adverse effects.

Roads

The White Paper says that by far the most effective way of reducing environmental problems caused by lorries is to keep them away from where people live. The Government has already drawn up a trunk road programme with a high priority for by-passes and for motorways which take lorries out of historic towns and villages. More than half the historic towns in England which lie on trunk roads have been by-passed and some 215 of the 275 towns on trunk roads in England with a population of over 10,000 have by-passes, while the programme of new schemes under construction and in preparation will remove traffic from many more. The Government has reviewed the programme in the light of the Armitage Report to examine the scope for additional by-passes and has decided that it is practical within present resources to add more new schemes to the programme.

The substantial completion of the motorway system in central Scotland has made available high-quality roads avoiding built-up areas and used by large numbers of heavy goods vehicles.

Elsewhere in Scotland, by-pass construction has been an important feature of roadbuilding, particularly on the new A9 to Inverness, and over the next few years there will be an increasing number of by-passes.

Under the arrangements by which the Government provides support to county councils in England and Wales and to regional and islands councils in Scotland as highway authorities for local roads in their areas, there has been a sustained programme of investment in rural and urban by-passes and relief roads as well as other environmental improvements to the local road network. For example, in England over 50 local schemes of significant size, with a total cost of about £300 million, are under construction. 'The Government is determined to maintain its encouragement to local authorities to give priority where possible to such schemes.'

However, even with a vigorous programme of by-passes and the active development of local control schemes, some places will still be badly affected by substantial flows of heavy lorries. The Armitage Report suggested that some of these places could be designated as 'lorry action areas' in which special steps could be taken to alleviate the effects of lorries. The Government considers that this proposal is worth further study and will be inviting the co-operation of local authorities and other interests in examining it further.

Fair Competition

The railways have an important part to play in Britain's transport system, the White Paper states, and the Government 'will continue to give them every encouragement in attracting as much suitable freight traffic as they profitably can'. The Government welcomes British Rail's strategy of developing its services to attract freight in those areas where rail is the most suitable mode. However, the White Paper points out that most goods are moving short distances and to or from places not connected to the rail system, and for such traffic rail transport is not a profitable option. It says that, if the railways are to play their full role in the national freight transport system, they must be able to compete with road haulage on equal terms. The Government's aim is 'to ensure that the framework of regulation and taxation puts road and rail on an equal footing'. Accordingly, the Government plans to change the structure of lorry taxation from unladen weight to laden weight, taking into account the number of axles for the heavier lorries, and this will allow it to achieve a much closer match between the road costs imposed by different classes of lorry and the taxation paid. It has taken the first step in the Transport Act 1981 (see pp 53-4, 1981), which sets out the framework for a change in vehicle excise duty to a gross weight basis, and the Government intends to implement this restructuring as soon as practicable.

Noise and Other Forms of Pollution

The White Paper says that people particularly dislike the noise, vibration and pollution of heavy lorries. 'Quieter and cleaner vehicles would contribute enormously to an improved environment and the Government is determined to achieve this.' There has already been some lessening of lorry noise and new regulations will reduce in 1983 the maximum noise limit for the heaviest vehicles from 92 to 88 decibels. 'But they are not enough. The Government's target is progressively to reduce the perceived noise from new heavy lorries coming on to the road to less than half the 1981 level, so that by 1990 they would be no noisier than most 1981 new-model cars, and the Government will press other European countries to adopt this target.'

The Government will initiate a collaborative programme of research and development, involving vehicle and engine manufacturers, to carry on the work which has already produced a quiet heavy vehicle. This vehicle has demonstrated that a 'drive-past' level of about 80 decibels is achievable with a vehicle capable of operating at over 40 tonnes, although there is a cost penalty of about 8 per cent. Operating trials are nearing completion and the new programme will develop the techniques already demonstrated and show how they may be applied to production vehicles. It is intended to lead to the development of a production quiet heavy vehicle for the 1990s. The programme will concentrate on noise reduction at source, which will help to reduce airborne vibration, and will also look at ways of improving lorry suspensions (affecting groundborne vibration), smoke emissions and general safety standards.

Lorry Weights and Dimensions

British regulations limit an articulated vehicle's maximum weight to 32·5 tonnes and its length to 15 metres (a limit set in 1968, which permitted the carriage of international standard 40-ft – 12-metre – freight containers). In practice, articulated lorries on the continent of Europe are no bigger than in Britain, but nearly all other European countries allow higher weights ranging from 38 to 44 tonnes. The White Paper says that for over ten years industry has been pressing successive governments to raise the maximum permitted weights to continental levels. 'There are clear environmental and economic arguments for doing this. Much of our trade with Europe is now transported entirely by road, and goods shipped to and from other parts of the world are increasingly carried in standard 40-ft freight containers. But for any journey starting by road in this country the load must conform with our lower weight limits on road vehicles. This increases transport costs for our exporters in particular .... A national survey of the savings that operators could make indicates that, with an upper limit of 40 tonnes, industry could over time reduce by 12 per cent the number of heavy articulated lorries they would otherwise use. There would be savings in transport costs of around £150 million per year, including useful savings in diesel fuel. Firms located in Scotland, Wales and the West Country, furthest from European markets, would stand to gain especially. In addition, the British commercial vehicle industry would benefit from having a domestic market for the types of heavy lorries which already predominate in continental markets.'

The White Paper notes that there are major matters of concern about any proposed increase in maximum lorry weights. The Government has re-examined very carefully the proposals raised by the Armitage Report. It has decided that it would not be right to go as far as the report and has rejected its proposal for a maximum weight of 44 tonnes. However, it is 'satisfied that the maximum gross weight limit can safely be raised to 34 tonnes for four-axle vehicles and to 40 tonnes on five axles. There would be benefits to the environment and major economic benefits as well. With heavier weights industry will be able to meet an upturn in demand without the increase in heavy lorry traffic which would otherwise occur. The benefit in reduced lorry traffic will be widespread and permanent; the reduction in road transport costs will not be on a sufficient scale to stimulate a significant amount of additional traffic.'

A number of safeguards will be set on the design of lorries, the White Paper noting that 'it is essential to ensure that heavier lorries can be no bigger than the biggest lorries we have at present'. The size of the heavier vehicles will be limited to dimensions just sufficient to accommodate a standard international freight container. A new limit of 4·2 metres in height is proposed for the heavier vehicles including any container carried by them. The Government also proposes to increase the limit on articulated vehicle length to 15·5 metres, but this is only to accommodate the slightly longer tractor units which have entered general use during the last ten years. These have the advantages of greater stability, better accommodation for the driver and more space for equipment to meet higher standards of safety and noise prevention.

The Government is satisfied that, with appropriate rules on axle arrangements, axle weight and spacing, the effect of the heavier vehicles on infrastructure such as roads and bridges will be marginal and, in some respects, slightly favourable. A small increase in the maximum weight of a single drive axle from 10·17 to 10·5 tonnes will be permitted, but the total axle loading from the reduced number of heavy vehicles on the roads will be slightly less than if the regulations were unchanged. 'The evidence shows that these changes will have no significant effects on underground services nor will groundborne vibration be increased, and overall there should be a reduction of about 5 per cent in road damage from heavy articulated road transport.'

Heavier vehicles will be required to meet the same standards for noise, pollution and safety as existing 32·5 tonne vehicles and to meet the improved standards being prepared by the Government as these come into force.

Information Technology Centres

The Government has announced the locations of the first 30 of a national network of information technology centres, mainly in inner city areas. The centres will train unemployed 16- to 19-year-olds in electronic and computing skills.

Speaking in Parliament on 21 December 1981 (*Hansard*, Vol 15, No 34, col 628), the Minister for Information Technology, Mr Kenneth Baker, said that the response to the joint initiative by the Department of Industry and the Manpower Services Commission (see p 239, 1981) had been widely welcomed throughout England, Wales and Scotland. The 30 centres comprise, by region, two in Scotland (at Dundee and Inverclyde); one in Wales (in Clwyd); four in the West Midlands (Birmingham, Coventry, Telford and Walsall); one in the East Midlands (Leicester); nine in the North West (five on Merseyside, two in Manchester, one each in Salford and Warrington); three in the North East (Newcastle, Sunderland and Gateshead); two in Yorkshire and Humberside (Leeds and Sheffield); six in the South East (five in inner London and one in Portsmouth); and two in the South West (in Bristol). In this first phase, the Government has adopted a deliberate bias towards the inner city areas.

The centres were an important initiative which would help to meet the needs of young people to gain relevant, transferable skills and provide the trained workforce which industry would increasingly need, Mr Baker said. Two features unique to the centres would be the inclusion of small workshops where trainees could gain commercial experience, and support by local sponsors such as high technology companies or local authorities. The Government intended to extend the scheme; Mr Baker envisaged a programme that could aim to reach a total of about 100 centres in the next year or so. The first phase did not cater equally for all areas and the Government hoped to achieve a wider geographical spread in the second phase.

Shorter Notes

INNER CITIES

Increased aid for inner cities in 1982-83 was announced in a House of Commons statement made by the Secretary of State for the Environment, Mr Michael Heseltine, on 9 December 1981. The programme for reclaiming derelict land is to be increased from £40 million to £45 million, schemes undertaken by the London and Merseyside Urban Development Corporations are expected to be worth £50 million, compared with £15 million in the current year, and resources for the urban programme have been increased to £270 million, £55 million more than originally planned.

Public expenditure was, Mr Heseltine said, 'in many cases essential, but it is not, and of itself cannot be, the whole answer. As important is the need to open a range of opportunities for private involvement and investment, which will add

significantly to the public resources in urban areas and will widen the choice in many areas for those living and investing there.' Of the increased role for the derelict land programme Mr Heseltine said: 'Derelict land reclaimed at public expense can lead to development by the private sector that adds very substantial private expenditure to the basic public expenditure.' He would look especially favourably on those joint public-private sector schemes drawn from the land registers (see pp 309-10, 1981) that offered the greatest private sector enhancement for every pound of public expenditure, with particular emphasis on housing, industrial, commercial, sporting and recreational opportunities. The increased allocation for the urban development corporations would also attract much greater sums of private investment to enhance the effort that the public sector was making. The urban problem, Mr Heseltine said, would need continuing attention; while the increased programme did not represent a whole response, it would make an important contribution.

Source: *Hansard*, Vol 14, No 26, cols 865-74.

INDUSTRIAL DEVELOPMENT CERTIFICATES SUSPENDED

The system of issuing Industrial Development Certificates (IDCs) to control industrial building in non-assisted areas is felt to have outlived its usefulness and is to be suspended until further notice (for assisted area boundaries, see p 267, 1979). The decision was announced by Mr John MacGregor, Under-Secretary of State, Department of Industry, on 4 December 1981 during a House of Commons debate on the West Midlands.

Introduced by the Town and Country Planning Act 1947, IDCs were an important factor in promoting industrial development policy in the regions during the 1960s and early 1970s. The original certificate, as issued by the Board of Trade, was required for all applications for planning permission covering industrial buildings over a specified size. The procedure was designed to ensure that development was consistent with a favourable nationwide distribution of industry. The control was therefore more stringent in the South East and Midlands regions than in other non-assisted areas.

Since 1975 only 28 out of 7,000 applications for certificates (less than 0·4 per cent) had been refused, said Mr MacGregor. In the West Midlands there had been 1,054 applications but no refusals to issue certificates since 1976. A study of the whole system in 1975 revealed that the usual response of firms to a refusal was to modify projects in order to by-pass the need for a certificate (by leasing or purchasing buildings already designated for industrial use) or to abandon projects altogether. Of the 1,369 schemes covered by the study only 18 per cent subsequently went ahead in an assisted area.

On the other hand, the existence of the IDC might have discouraged new investment generally in the Midlands and elsewhere, a view supported by Midlands businessmen. The IDC requirements were felt by many to be a 'psychological barrier' to investment, causing needless delays in planning procedures. They were also harmful to industrial efficiency, expensive to administer and imposed a heavy administrative burden on companies.

The Government was committed to a strong regional policy, Mr MacGregor said, but it was clear that IDC controls were making an infinitesimal impact. Industry would now be free to invest where it considered it was most advantageous. He hoped this would boost investment in the West Midlands.

Source: *Hansard*, Vol 14, No 23, cols 522-6.

GOVERNMENT FUNDS FOR PRIVATE SECTOR STEEL

A government decision to help Britain's private sector steel companies with a scheme that would offer them £22 million of assistance by the end of 1984 (under section 8 of the Industry Act 1972), was announced in Parliament on 14 December 1981 by the Secretary of State for Industry, Mr Patrick Jenkin. The scheme was necessarily confined to helping with the rationalisation and restructuring of projects and the cost of redundancies, he said, in line with conditions laid down by the European Coal and Steel Community's decision on state aid in August. It would, however, offer 25 per cent grants for eligible projects and 85 per cent of the cost of statutory redundancy payments would be guaranteed. Applications for restructuring would have to be made by the end of September 1982.

The scheme was a response to representations made by the British Independent Steel Producers Association about the extreme unfairness of present operating conditions, Mr Jenkin said. In other European Community countries various forms of aid were available from governments to both public and private companies. In Britain, help had been confined to the British Steel Corporation, which had received nearly £5,000 million from the Government since 1975, partly to cover operating losses, partly for investment to modernise plant, and partly to cover closures and rationalisations (mainly redundancy and resettlement costs). The private sector had received no assistance, on the other hand, apart from regional aid grants, which had also been available to the British Steel Corporation.

Mr Jenkin said the Government was also considering a separate rationalisation scheme drawn up by the steel casting sector of the industry, in which firms reducing capacity would be compensated by a voluntary levy paid by companies remaining in production.

Steel prices were now actually lower than they had been two years ago, he said, while costs – particularly of energy – had increased. By mid-1980 there was hardly a steel company in Europe

operating profitably. However, the Government was determined to secure the survival of a healthy and profitable private steel sector in Britain; the proposed scheme would introduce greater equity between private and public sector companies without increasing the Department of Industry's budget.

Source: *Hansard*, Vol 15, No 29, cols 26-8.

CONSUMERS AND THE NATIONALISED INDUSTRIES

A government consultative document[1] published on 15 December 1981 reviews and proposes reforms of the work of the 44 statutory bodies which investigate questions of concern to consumers of services provided by the nationalised industries. They comprise national and regional councils (or committees) for the gas, electricity, coal, posts and telecommunications, rail and ferry transport industries. Local committees are also appointed for some industries. (Other arrangements are made for the consumer interest in bus, water and aviation services and for London Transport Executive services.)

While the Government believes that there is a need for the consumer councils, it also considers that reform is needed to remedy certain defects in the existing system. In particular the reform should: promote a more effective system, especially in the field of effective complaints handling; produce arrangements that are better known to and more readily understood by consumers; enhance the independence of the councils from the industries; and create fewer, smaller and more authoritative councils.

The review was begun in May 1979 as part of an overall government review of competition policy. The Government has introduced legislation, since taking office in 1979, to remove or reduce statutory monopolies, and in some cases to make possible the sale of shares in industries (see pp 17-18). Where the industries cannot easily be exposed to market forces, a framework of other disciplines has been established (see, for example, p 340, 1979, and p 372, 1981).

Since the consumer councils are part of this framework, a review of their work was needed so that the Government could satisfy itself that they were carrying out their duties effectively. The review also formed part of a much wider review of non-departmental public bodies (see pp 48-9, 1980).

REDRESS PROCEDURES FOR CONSUMERS

Recommended improvements to the redress procedures available to consumers under codes of practice[1] are set out in a report[2] published by the Office of Fair Trading on 30 December 1981. The recommendations are made following the responses to a consultative document published 15 months earlier (see pp 298-9, 1980). Among the main suggestions put forward in the report are that arbitration should be conducted on a documents-only basis as far as possible (so avoiding the expenses involved in hearings which the parties are required to attend); that time targets should be adopted – of three months for the conciliation stage, and one month for each of the three stages of the arbitration stage (claimant's submission, respondent's reply and arbitrator's deliberation); and that the reasons for arbitration decisions should always be given. The codes of practice which provide facilities for conciliation and arbitration include those for electrical appliances, shoes, package holidays, new and used cars and their repair, the photographic industry, mail order, funerals, furniture, postal and telecommunications services and double glazing.

SEAT BELTS

Proposals for introducing compulsory wearing of seat belts by drivers and front seat passengers in cars or light vans from the summer of 1982 were announced by the Secretary of State for Transport, Mr David Howell, on 8 December 1981.[3] The Secretary of State is also planning to implement the section of the Transport Act 1981 prohibiting children from being carried in the front seats of cars unless they are suitably restrained.

In a statement accompanying the proposals, Mr Howell said he was suggesting that 'compulsory seat belt wearing should broadly follow compulsory fitting', which meant that it would apply to the driver's seat and specified passenger's seat of cars first registered on or after 1 January 1965, light vans registered on or after 1 April 1967 and three-wheeled motor vehicles registered on or after 1 September 1970. He did not believe that it would be practicable or desirable to extend compulsory wearing more widely in the foreseeable future. He was proposing very few additional exemptions to those provided for in the Transport Act 1981 (these are exemption on medical grounds, for drivers on local delivery rounds and for drivers while reversing). Additional exemptions are proposed for drivers engaged in local collection of goods, the police when escorting civilians, prison officers in the front passenger seat when escorting prisoners in light vans, and firemen putting on equipment while travelling to an emerg-

[1] *Consumers' Interests and the Nationalised Industries – A Consultative Document.* Available free from the Consumer Affairs Division, Department of Trade, Room 2521, Millbank Tower, Millbank, London SW1P 4QU.

[1] Codes of practice are schemes sponsored by trade associations and similar bodies with the encouragement of the Office of Fair Trading, which are designed to protect consumers. They incorporate procedures for the resolution of customers' complaints.

[2] *Redress Procedures under Codes of Practice – conclusions following a review by the Office of Fair Trading.* Available free from Distribution Unit, Office of Fair Trading, Chancery House, Chancery Lane, London WC2A 1SP.

[3] *Compulsory Seat Belt Wearing for Adults and Children in Cars.* Proposals by the Secretary of State for Transport presented to Parliament on 8 December 1981. Available from Road Safety General Division 1, Department of Transport, 2 Marsham Street, London SW1P 3EB. (Unpriced.)

ency. 'To grant exemptions widely', Mr Howell said, 'would give rise to a sense of unfairness, reduce the measure's potential for saving casualties and increase the enforcement problems of the police.'

The aim of the proposals relating to children in motor vehicles 'should be to give protection to the greatest number of children, to impose the least possible inconvenience and expense on parents and to have legislation which is simple to understand and operate'. The Act applied to all motor vehicles, and it is proposed to exclude only obvious categories such as vehicles with neither front seat restraints nor rear seats – for example, lorries.

Subject to parliamentary approval, it is planned to bring the provisions for adults and children into operation this summer. A publicity campaign would remind people of the value of wearing seat belts, and the Secretary of State would ensure with the manufacturers that the public would be able to get advice on improving the comfort of their seat belts. The objective is 'to make the transition from voluntary wearing to compulsory wearing as smooth and easy as possible for everyone'.

SOCIAL AND CULTURAL AFFAIRS

Action on the Scarman Report

The Government's further response to Lord Scarman's report on the Brixton disorders last spring has been outlined by the Home Secretary in a debate in the House of Commons. Among the matters on which action is to be taken are recommendations concerning the police, and measures intended to combat racial disadvantage and the problems of the inner cities. (For coverage of the Scarman Report and the Home Secretary's response, see pp 373-8, 1981.)

The Police

Opening the debate on the Scarman Report on 10 December 1981 (*Hansard*, Vol 14, No 27, cols 1001-80), the Home Secretary, Mr William Whitelaw, said that in his statement on the publication of the report 15 days earlier he had accepted its general principles for policing policy. He would now deal with some of its specific recommendations. He agreed with Lord Scarman that a vigorous recruitment policy was needed to make the police seem more representative of the community it served. It was necessary to examine why candidates from the ethnic minorities had difficulty with the entrance test and to be sure that such tests were free from cultural bias. New tests to be introduced would be scrutinised by independent experts. It was also necessary to ensure that, where candidates failed the written English test but were satisfactory otherwise, they did not forever lose the opportunity to join the police. Some progress had been made in recruitment but more candidates had to be encouraged to come forward.

Further improvements would be made in training on the basis of Lord Scarman's proposals. The Metropolitan Police had already introduced street duty courses to instruct young constables in dealing with the public, including members of ethnic minorities. Present arrangements for training in race relations, public order and supervision and management would be re-examined with a view to common programmes and minimum standards among forces.

On Lord Scarman's recommendation that racially prejudiced or discriminatory behaviour should be included as a specific offence in the police discipline code, Mr Whitelaw said that he could not endorse automatic dismissal as this would prejudice each case in advance. The vital objective was to ensure that the public could see that the police regarded such behaviour as something they would not tolerate. He looked to the support of the police organisations in determining the most effective and fair way of demonstrating that this was so.

A fair and effective complaints system was one of the essential ingredients for good relations between the police and the public, said Mr Whitelaw. He welcomed the examination of the subject by the House of Commons Select Committee on Home Affairs and hoped that the Committee's report would provide a sound basis on which he could put forward detailed proposals. The Government was also examining how best to put into practice Lord Scarman's suggestion that lay visitors should have the right to visit police stations at any time and the duty to report on what they saw. Mr Whitelaw said he welcomed the proposal that police authorities and chief constables should co-operate in establishing local liaison committees and would discuss this with local police forces. The liaison committees might have a role in conciliating on some complaints or in providing lay visitors to police stations. He praised the work that had been done in Lambeth since the Brixton disorders to re-establish liaison between the police and the community.

Closely related to these recommendations were those about the re-examination of methods of policing. In the coming months the Government aimed to produce guidelines that would set out the special needs of particular areas.

Measures to Combat Disadvantage

Lord Scarman had endorsed the valuable report on racial disadvantage by the Select Committee on Home Affairs (see p 283, 1981) to which the Government would be replying in a White Paper in the new year, said Mr Whitelaw. In the meantime he would touch upon some of the main themes of both reports. He reaffirmed the Government's full commitment to an equal and just society; it was the policy of the Government to ensure full equality of opportunity and responsibility for everyone, irrespective of race, colour or religion.

Special Help

Mr Whitelaw said he would like to clear up some of the confusion that had arisen following Lord Scarman's call for 'positive action' to combat racial disadvantage. Lord Scarman was talking

about responding to special needs: he was not recommending 'affirmative action or programmes of reverse discrimination' involving compulsory job quotas, or lower standards of recruitment. Positive action was recommended to recognise and to deal with more effectively the special needs of ethnic minorities in education, employment and housing. This was not intended to give black people an advantage over white people. What was being said was that everyone in society should have equal opportunities and that those who started from a disadvantaged position might need special help to provide them with similar opportunities to those enjoyed by the majority of the population.

The case for measures to meet the special needs of ethnic minorities had long been recognised through the payment of grants – at present amounting to about £50 million a year – under section 11 of the Local Government Act 1966.[1] The Select Committee had drawn attention to a number of defects in this provision and the Government was able to accept many of its specific recommendations. The 'ten-year rule' would be abolished and grants would be paid to local authorities in respect of special services for all first-generation Commonwealth immigrants, no matter how long their residence. Their children would be eligible throughout their schooling.

Monitoring

Much greater emphasis would have to be placed on 'ethnic monitoring' in order to measure more accurately the extent of racial disadvantage. Only if the relevant information were available could the necessary action be taken. The Government accepted the need to give a lead in this respect and proposed to set up a limited experimental census of the ethnic composition of some non-industrial grades in the Civil Service in order to establish a sound statistical method for monitoring the Civil Service. It was hoped that other large employers would be encouraged to follow this example.

Inner Cities

The Government agreed with Lord Scarman's recommendations that there should be a better co-ordinated and directed attack on inner city problems and that local communities should be involved in planning, in providing services and in carrying out projects. The private sector and the police should also be involved. The Secretary of State for the Environment was seeking new ways of tackling the problems of Merseyside which would benefit other conurbations with similar difficulties. The solutions to the problems of racial disadvantage or inner city decay were long-term ones which depended on determination and the better direction of resources in the main education, employment and housing programmes as well as special measures like the grants payable under the Local Government Act 1966 and the urban programme. The Secretary of State for the Environment would be considering the distribution of urban programme funds against the background of Lord Scarman's report and had announced an increase in the urban programme allocation of £55 million from £215 million in 1981-82 to £270 million in 1982-83 (see p 27).

Lord Scarman was right in saying that the banks, building societies and other business groups were not sufficiently involved in inner city regeneration. Business in the Community, an organisation established earlier in 1981 by a group of big firms, with government support, was an important step forward as was the generous response of the major financial institutions in making available some of their managers to find ways of improving co-operation between the public and private sectors (see p 344, 1981).

Opposition View

Mr Roy Hattersley, Opposition spokesman on home affairs, said that if the Scarman Report in full were acted upon and implemented it could make a dramatic improvement in two areas of desperate concern – first, in the confidence that the police enjoyed among ethnic minorities and, secondly, in the policy of policing within the decaying inner city areas where the police should again be regarded as part of the local community. There was much in the report to the credit of the police but also matters that caused considerable disquiet. He regretted that the report did not recommend a radical revision in the governance of the Metropolitan Police – he wished to see a democratically determined police authority to which the police were genuinely accountable. There should be a proper statutory framework for consultation procedures between the police and the public.

Mr Hattersley emphasised the need for additional resources for the two crucial areas of housing and education and called for an economic policy that would offer the prospect of jobs for young black people. He said that any special programmes for the ethnic minorities should include 'affirmative action' or 'positive discrimination', especially for the promotion of employment prospects. He was not asking for young black workers to be given better employment prospects than their white contemporaries, simply that they should be given the same prospects and opportunities.

[1]This provision allows for the payment of grants to local authorities with substantial numbers of Commonwealth immigrants in their areas for the provision of additional staff. Grants are payable in respect of people who have been in Britain for less than ten years and for their children. More than 80 per cent of the expenditure claimed has been for education staff, but grants have also been made for such posts as child care and social workers, interpreters, housing advisers, youth officers, careers and employment counsellors and race relations advisers.

General Household Survey

The continuing increase in the availability of basic amenities in houses, such as a bath or shower and an inside toilet, and the improvement in housing standards are two of the features recorded in the General Household Survey for 1979, published on 15 December

1981.[1] Other findings include a decline in average household size, an increase in the ownership of consumer durables, a trend towards earlier retirement and a rise in the number of couples living together before marriage.

Data in the General Household Survey are obtained from interviews conducted with about 23,250 adults living in private households throughout Great Britain. Information is regularly collected on a number of topics including population, housing, employment, education and health, and the 1979 report also includes new information on subjects such as type of fuel used by private households, the economic activity of married couples and day care of children under five. A selection of information contained in the survey is given below.

Size of Household

There was a further decline in average household size, to 2·67 in 1979 compared with 2·91 in 1971, mainly as a result of an increase in the proportion of one-person households, from 17 per cent in 1971 to 23 per cent in 1979, and of a decrease in the proportion of households containing five or more people, from 14 to 11 per cent over the same period. The proportion of households containing a child aged under five fell from 18 per cent in 1971 to 13 per cent in 1979, suggesting that the decline in household size was related, at least in part, to the relatively low number of births in Great Britain in the mid–1970s. In 1976 there were 649,200 live births in Great Britain, 25 per cent fewer than in 1971, but by the end of the decade the number had increased again, to 706,400 in 1979, indicating that the decline in average household size may not continue.

Another clear trend has been the rise in the proportion of one-parent families, from 9·2 per cent in 1971-73 to 11·9 per cent in 1977-79. Families headed by a divorced mother have shown the greatest rise although families headed by an unmarried mother have also increased as a proportion of all families.

Housing

The increase in the availability of basic housing amenities and the improvement in housing standards (as measured by the number of people per room) continued into 1979. Only 3 per cent of households then lacked a bath or shower with a fixed hot water supply, compared with 9 per cent in 1971, and there was also a marked drop in this period, from 10 to 3 per cent, in the proportion of households without an inside toilet. Between 1971 and 1979 the proportion of households living at a density of more than one person per room fell from 5 to 2 per cent.

In the 1970s the most noticeable features of the pattern of tenure of households were the decline of privately rented unfurnished tenancies and the gradual increase in the proportions buying their own home or renting from a local authority. In 1979, 52 per cent of households were classified as owner occupiers – 22 per cent owning outright and 30 per cent with a mortgage – 34 per cent renting from a local authority or new town development corporation, 8 per cent renting private unfurnished accommodation, 3 per cent renting private furnished accommodation and the remainder renting accommodation with a job or business or from a housing association or co-operative.

In 1979 about half the private households in Great Britain were living in accommodation built since 1944 and of these nearly half in accommodation built since 1964. About 25 per cent were living in accommodation built before 1919. Among the oldest group of properties, built before 1919, about half the households occupied terraced houses, with a fairly substantial proportion (about 1 in 6) living in converted flats or maisonettes. Households living in the oldest property were more likely to be occupying accommodation of a lower standard (lacking basic amenities) than were households in more recently built property. The rise in popularity of the semi-detached house between 1919 and 1964 is shown by the fact that in 1979 over two-thirds of households occupying a semi-detached house were in property built between these years, and this type of accommodation accounted for over two-fifths of accommodation built during this period and occupied by private families. However, households living in property built since 1964 were just as likely to be living in purpose-built flats as in semi-detached houses, and occupation of detached houses was also more frequent in the most recently built property than in property of any other age.

The survey confirmed the tendency for households living in property built after 1945 to be in accommodation with fewer rooms. In 1979 two-fifths of households living in the oldest properties had accommodation with six or more rooms (excluding bathrooms and toilets), compared with less than one-third of those living in buildings erected between 1945 and 1964 and one-fifth of those in buildings constructed since 1964.

The growth in ownership of consumer durables continued in 1979. Between 1973 and 1979 the proportion of households with a washing machine increased from 67 to 74 per cent, with a refrigerator from 78 to 92 per cent, with a vacuum cleaner from 88 to 93 per cent and with a telephone from 45 to 67 per cent, while in 1979 colour television was available to 66 per cent of households compared with 44 per cent in 1975. The proportion with two or more cars (including vans) rose from 8 per cent in 1971 to 12 per cent in 1979 and with three or more from 1 to 2 per cent. In 1979, 44 per cent of households had one car or van (the same as in 1971) and 43 per cent no car or van (as against 47 per cent in 1971).

Heating

In 1979 over half of all households in Great Britain had central heating. Three-quarters of owner occupiers with a mortgage had central heating, compared with just under half of local authority tenants, about one-third in privately rented fur-

[1] *General Household Survey 1979.* An inter-departmental study sponsored by the Central Statistical Office. HMSO, £8·75. ISBN 0 11 690768 1.

nished accommodation and about one-fifth in privately rented unfurnished accommodation. Nearly three-fifths of central heating systems in private households were gas-fired, about one-quarter run on electricity (mainly night storage heaters), and oil and solid fuel each accounted for about one-tenth. Not all households with central heating used it as their main form of room heating in winter, with about 1 in 6 using some additional appliance for this purpose.

Gas was the fuel most likely to be used for room heating in winter by households without central heating. In 1979 it provided nearly three-fifths of households with their main form of room heating in winter, compared with solid fuel just over one-fifth and electricity just under one-fifth.

Employment

The labour force identified by the survey in 1979 comprised 75 per cent full-time workers, 20 per cent part-time workers and 5 per cent unemployed. Men accounted for 59 per cent of the labour force; 72 per cent of full-time and 10 per cent of part-time workers. During the 1970s the proportion of men aged 18-54 who were economically active (people working or looking for work) remained fairly stable, but for those aged 55 and over activity rates fell, mainly reflecting a trend towards earlier retirement. In recent years there has been a growing participation by married women in the labour force and this was characterised particularly in the early 1970s by an increase in the numbers working part-time. Data for 1979, however, suggest that activity rates may have stabilised in most age groups, with the proportion of married women aged 16-59 who were economically active remaining at the 1978 level of 62 per cent and the proportion working part-time staying at 33 per cent.

Family Circumstances

One aim of the family information section of the survey was to establish the proportion of people cohabiting – that is, living as husband and wife without a civil or religious marriage ceremony having taken place. In 1979, 3 per cent of women aged 18-49 were cohabiting, ranging from 4 per cent for women aged 18-29 to 2 per cent for those aged 30-39 and 1 per cent for those aged 40-49. Almost three-quarters of women aged 18-49 were in a current legal marriage, including 5 per cent in a second or subsequent marriage. Women whose last marriage had ended in divorce or separation were twice as likely as those who had never been married to be cohabiting at the time of interview. Between 1963 and 1978 there was a rapid rise in the proportion of marriages that had been preceded by a period of cohabitation and the increase was particularly marked during the 1970s. Of marriages between 1977 and 1979 nearly one-third were preceded by cohabitation, compared with only 1 in 20 of those occurring between 1961 and 1970. Nearly half of marriages for women aged 16-49 where one or both partners had been married before were preceded by a period of cohabitation, compared with only 1 in 20 of marriages that were the first marriage for both partners.

Results from the survey for fertility of women are in line with those for the registration of births and show that the general fertility rate peaked in 1964 after climbing steadily from 1955, but subsequently there was a sharp decline until 1977.

The survey shows that, in general, the more recent the marriage the smaller the total number of children that women expected to have. The average for women married between 1970 and 1974 was 2·0 children, compared with 2·2 for those married between 1965 and 1969 and 2·4 for those married between 1960 and 1964. An exception to this trend was that those married between 1975 and 1979 did not expect to have fewer children on average than the 1970-74 sample.

Of those women in the sample who had separated from their first legal husband between 1965 and 1969, over half had remarried within eight years of separation.

A substantial proportion, 16 per cent, of children did not live with both natural parents. However, only 1 per cent lived with neither natural parent. Most children not living with both natural parents lived either with their natural mother and stepfather or with their mother who was a lone parent.

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